Monthly Economic Indicators

THE TREASURY
Kaitohutohu Kaupapa Rawa

September 2010

Executive Summary

- **Growth has been more subdued than incorporated in the Budget forecasts, although partly reflecting the impact of drought conditions**
- **Nominal GDP – and tax revenue – has closely matched expectations owing to higher terms of trade**
- **The economies of our trading partners are set to slow in the second half of 2010**
- **Outlook for New Zealand economy also dependent on domestic factors including Canterbury earthquake and tax changes**

The New Zealand economy continued its gradual recovery from recession. With real production GDP rising just 0.2% in the June 2010 quarter, economic growth has been much more subdued in the first half of 2010 than incorporated in the Budget 2010 forecasts. Weak growth in the June quarter also means we are more confident this recovery is weaker than typical recoveries experienced previously in New Zealand.

Signs of rebalancing in the economy towards the tradable sector, which were present earlier in the year, have eased recently. Drought conditions impacted negatively on tradable sector industries such as agriculture and primary manufacturing in the June quarter, although other manufacturing industries also weakened. Growth in the quarter was driven by higher output in industries associated with the non-tradable sector, particularly construction and most service industries.

While real growth was much weaker than expected, the level of nominal GDP in the June quarter was similar to our expectations and thus tax revenue was also very close to forecast over this period. A key contribution to nominal GDP growth over the past three quarters has been a large rise in the merchandise terms of trade (the ratio of export prices to import prices). The current level of the terms of trade, driven by strong commodity prices, is an offset to stalling real output in the tradable sector and is boosting national incomes as well as the trade balance.

June quarter Balance of Payments data confirmed an expected turning point in the current account deficit. On an annual basis, the current account deficit rose from a 9-year low of 2.4% of GDP at March to 3.0% at June, the first widening since the global financial crisis escalated in late 2008 and similar to our Budget forecast of 3.2%. The widening of the deficit was caused by an increase in the income and transfers deficit more than offsetting a rise in the goods surplus to historic highs.

The economy will be affected by a number of one-off factors in the second half of 2010. These include some post-drought recovery in coming quarters, the tax changes from 1 October 2010 and the Canterbury earthquake. Another key factor will be a slowdown in the economies of our trading partners expected in the second half of 2010. However, such a slowdown does not automatically mean growth in the New Zealand economy will slow in the second half of the year. As it was in the first half of 2010, New Zealand may remain out of sync with our trading partners depending on the exact impact of the one-off domestic factors.

New Zealand Government

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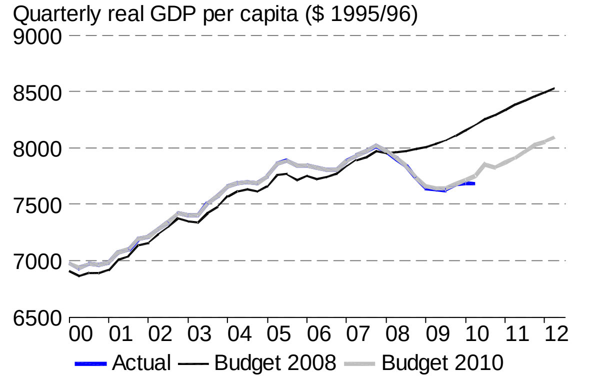
Analysis

Gradual recovery continues...

The New Zealand economy continued its gradual recovery from recession as real production GDP rose just 0.2% in the June 2010 quarter. Growth was also revised down 0.1 percentage point to 0.5% in the previous quarter and has been more subdued than the pace of 0.8% per quarter in the first half of 2010 incorporated in the Budget forecasts.

Weak growth in the June quarter means we are more confident this recovery is weaker than typical recoveries experienced previously in New Zealand. There have now been five consecutive quarters of expansion following five consecutive quarters of contraction. However, real GDP remains 1.5% below its 2007 peak and has struggled to keep pace with population growth. Real GDP per capita has fallen in all but two of the last 10 quarters and is still 4.2% below its peak in late 2007. The Budget forecasts included a judgement that growth in the previous upturn was not as sustainable as thought prior to the financial crisis and thus the economy would not return to its pre-crisis trend. So far, this judgement has proved accurate (Figure 1).

Figure 1 – Real production GDP per capita

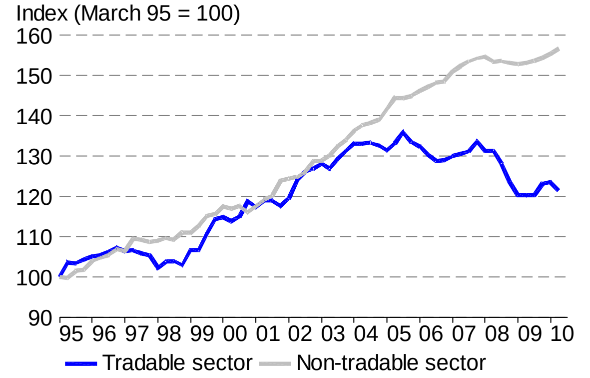


Sources: Statistics NZ, the Treasury

...as drought dampens tradable sector

Signs of rebalancing in the economy towards the tradable sector were growing earlier in the year.[1] Such signs have eased of late. Our estimate of real GDP in the tradable sector experienced a large fall of 1.6% in the June 2010 quarter following downwardly revised growth of 0.2% in the previous quarter and 2.4% in the final quarter of 2009 (Figure 2). Almost all of the latest fall was driven by lower output in agriculture and manufacturing owing to drought conditions earlier this year. Nevertheless, the fall in manufacturing output was larger and across more sub-industries than any drought effect could account for. Of the nine sub-industries in manufacturing, only wood & paper products experienced a rise in output. Bucking the trend in the tradable sector, forestry and mining continued to grow strongly and fishing rebounded from a large fall the previous quarter.

Figure 2 – Real GDP by tradable/non-tradable sector



Sources: Statistics NZ, the Treasury

Overall, growth in the June quarter was driven by higher output in industries associated with the non-tradable sector. In particular, the construction industry provided the largest contribution to growth, with a rise in output of 6.4%, the largest in this sector for nearly seven years. Growth was also experienced in almost all service industries, with the most notable exception a 2.6% fall in communication services. We had expected a technical rebound in communications activity following the XT network outages in the March quarter so were surprised at the further decline, which was linked to lower spending on fixed line and mobile telephone calls. Communications is normally a high-growth industry (6% per annum over the 2000s). The weakness of the last three quarters reflects a genuine cut-back on telephone calls because of tight household budgets, but may also reflect difficulties in measuring the impact of new technology (eg, calls made over the internet).

Investment boosts expenditure GDP growth

Expenditure GDP is also important to examine as it is available in both constant prices (real) and

[1] The "tradable sector" includes those parts of the economy particularly exposed to foreign competition and is estimated by the Treasury as the volume of output (ie, real GDP) in primary and manufacturing industries (highly exposed to overseas trade) combined with the volume of service exports (as it is difficult to estimate what services are tradable).

current prices (nominal). Nominal GDP is the key driver of tax revenue and is not readily available on a production basis. Real expenditure GDP rose 0.4% in the June 2010 quarter after a 0.7% increase in the previous quarter. These growth rates are closer to – but weaker than – our Budget 2010 forecasts.

The increase in real expenditure GDP was led by a 5% increase in business investment, a positive sign for future productivity growth. Investment in intangibles, non-residential buildings and transport equipment were all up, while investment in plant, machinery and equipment eased slightly. Residential investment rose strongly, up 11%, although is still around 24% below mid-2007 levels.

Households are showing signs of consolidation, with private consumption remaining subdued due to factors such as flat house prices and a soft labour market. Private consumption growth was just 0.1% in the June quarter. This result was weaker than we expected, based on retail sales data, mainly owing to declining consumption of services including medical services, domestic travel, and telephone calls, as noted above. Government consumption increased 0.5%, driven mainly by local government, with central government consumption only increasing 0.3%, including the acquisition of the HMNZS Wellington.

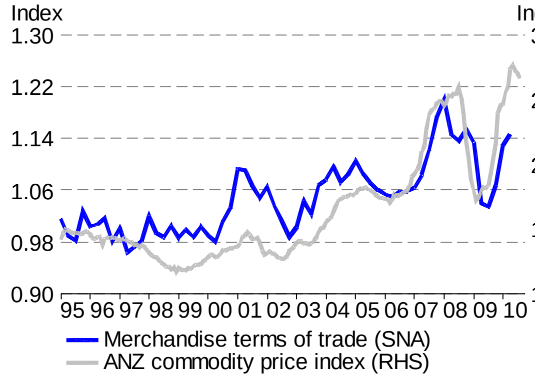
The volume of goods exports rose 0.7% in June, partly met by running down inventories as production was weaker because of drought. As a result, the change in inventories made a large negative contribution (-1.7 percentage points) to expenditure GDP growth. Service exports rose just 0.2% in the June quarter after a large fall in the March quarter. Travel services, which include personal, business and education, make up over half of service exports and have been particularly weak in recent years. The travel component of service exports has been subdued in the face of a high exchange rate and weak source markets (barring Australia, which has grown strongly but has lower-spending tourists on average). Import volumes rose 0.6% in the June quarter, with passenger motor cars the main contributor.

Terms of trade lift nominal GDP

While real growth was much weaker than expected, the level of nominal GDP in the June quarter was only 0.2% below that forecast in the Budget Forecasts. The difference was just 0.1% for the year to June and thus tax revenue was also very close to forecast over this period. A full set of fiscal data will be contained in the Government's Financial Statements for the year ended 30 June 2010, which are due for release on 14 October.

Nominal GDP rose 1.2% in the June 2010 quarter, driven by a 0.9% rise in the GDP deflator together with the 0.4% increase in real expenditure GDP. On a System of National Accounts (SNA) basis, a 1.6% rise in the merchandise terms of trade (the ratio of export prices to import prices) was a key driver of the increase in the GDP deflator. The terms of trade increased sharply in the last three quarters as commodity prices surged (Figure 3).

Figure 3 – Merchandise terms of trade



Sources: Statistics NZ, ANZ

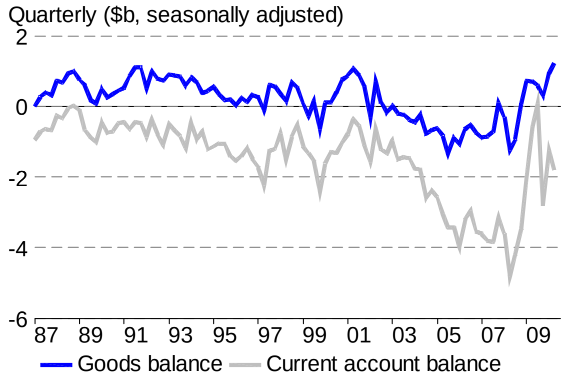
The merchandise terms of trade have thus recovered much of their fall in 2008/09 and are just 4% below their March 2008 peak. In the Budget forecasts, we expected the merchandise terms of trade to rise 1.5% in the June quarter before falling in each of the next two quarters. Although they have fallen slightly over the last three months, commodity prices as measured by ANZ are higher than anticipated in the Budget and suggest the terms of trade could peak higher and later than expected. The current high level of the terms of trade is an offset to stalling real output in the tradable sector and is providing a boost to national incomes as well as the trade balance.

Widening in current account deficit...

June quarter Balance of Payments (BOP) data confirmed an expected turning point in the current account deficit. On an annual basis, the current account deficit rose from a 9-year low of 2.4% of GDP at March to 3.0% at June. This is the first widening since the global financial crisis escalated in late 2008 and only slightly lower than the Treasury's Budget forecast of a 3.2% deficit. The quarterly current account deficit on a seasonally adjusted basis also widened, with a deficit of $1.8 billion in the June 2010 quarter, up from $1.3

billion in March. The widening of the seasonally adjusted deficit was caused by an increase in the income and transfers deficit more than offsetting a rise in the goods surplus. The income and transfers deficit rose by $830 million in the June 2010 quarter, mainly owing to higher profits flowing to foreign direct investors with firms operating in New Zealand.

Figure 4 – Balance of Payments



Sources: Statistics NZ

...but the goods surplus increased

Providing some offset to the rise in the income and transfers deficit, the seasonally adjusted goods surplus in the June quarter rose to its highest level since the series began in 1987 (Figure 4). This rise resulted from export receipts increasing by more than imports thanks largely to the higher terms of trade. The seasonally adjusted services balance was still in deficit in the June quarter as services exports remained weak.

The current account deficit is expected to rise further over the coming year. This rise will reflect a continuation of gradual recovery in the New Zealand economy, boosting import volumes and investment income outflows.

New Zealand's net international liabilities rose

As at 30 June, New Zealand's net international liabilities stood at $163.7 billion or 86.5% of GDP (ie, international liabilities exceed international assets). As a share of the economy, this is the first increase in New Zealand's net international liabilities since the March 2009 quarter. The change in the net international investment position (NIIP) was driven by financial account transactions to fund the current account deficit as well as revaluations due to movements on stock markets (overseas markets decreased by between 6% and 16% in the June quarter). The NIIP has been revised significantly (eg, from 88.9% to 85.9% for the March 2010 quarter) and makes a rise to 100% of GDP over the next four years, as forecast in the Budget, less likely.

There were also methodological changes to historical estimates in the BOP data. For the first time, IRD tax data was used to estimate compensation of employee income of New Zealanders working abroad for less than a year as well as that of overseas residents working in New Zealand for less than a year. Existing estimates of other income flows were also improved using tax data. The changes resulted in the current account deficit being slightly smaller over the past decade, with annual deficits ranging between 0.1% larger and 0.6% smaller. These changes were not flowed through into estimates of the stock of international assets and liabilities and thus do not improve the NIIP. Even if they had been, New Zealand's negative NIIP would continue to stand out in comparison to most countries, but the position is probably better than previously understood.

The rest of 2010 will have added volatility

The New Zealand economy will be affected by a number of one-off factors in the second half of 2010. We should see some post-drought recovery in coming quarters benefit the tradable industries of agriculture and primary processing, although lamb losses from recent poor weather may dampen this. Other parts of the tradable sector are less likely to rebound. Non-commodity manufacturers will continue to benefit from a strong Australian economy and a historically low cross rate with the Australian dollar, but also face stiff competition from other nations exporting into Australia with even more favourable exchange rates (eg, the United States). Furthermore, the BNZ - Business NZ Performance of Manufacturing Index (PMI) weakened in August to 49.3, below the level indicating expansion (50) for the first time since August last year. The tax changes from 1 October 2010 will also add to volatility, although the extent of any pre-GST spend-up may be less than envisaged in the Budget forecasts based on discussions in our business talks. The special topic has more details of our business talks.

It is still too early to accurately estimate the amount of damage caused by the Canterbury earthquake. At this stage, we continue to assume around $4 billion worth of total damage. Activity associated with recovery from the earthquake will boost GDP over the next 2 to 3 years. Business talks in Canterbury undertaken ahead of the Half Year Update forecasts do, however, suggest that the recovery may be more drawn out than was incorporated in our earlier estimates of the impact of the earthquake on the economy owing to factors such as the continuation of aftershocks.[2]

Overall, the economy has been more subdued than expected in the Budget forecasts in the first half of 2010, but it is uncertain whether growth in the second half of 2010 will be stronger than the average quarterly growth of 0.7% incorporated in the Budget. The National Bank Business Outlook showed most indicators easing in September from the previous month, but firms' own activity outlook rose slightly and continues to point to ongoing economic growth. A key judgement is how New Zealand's performance will be influenced by developments abroad.

Positive international signs emerge...

In September there have been some indications that downside risks to the global recovery have eased, with encouraging data out of the US and Japan in the manufacturing and household sectors which have lowered double-dip fears. In the US, consumer and manufacturing expectations rose, while house sales and employment growth are showing some positives, though the housing and labour markets are still very weak. In Japan, industrial production, retail sales and employment all showed growth, but there is still deflation.

Australia and Asia (excluding Japan) continue to outperform the rest of the world. Australia remains one of the strongest developed economies due to the mining boom associated with China's commodity demand. Australia has seen high GDP growth in the June quarter of 1.2% and surging commodity prices lifting their terms of trade. Chinese data releases showed a return of growth momentum with industrial production, retail sales, the PMIs and house price inflation all ticking back up to very high levels. Industrial production in the rest of Asia continues to grow, boosting overall economic activity.

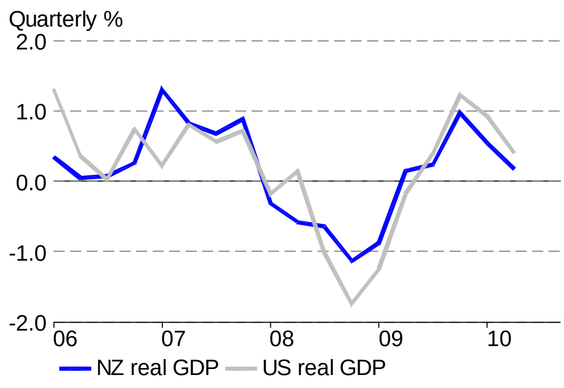
Central and commercial banks took centre stage in September as there were changes to regulation and monetary policy stances. The Basel III global banking regulations were announced and they require banks to have an equity to risk-weighted asset ratio of 7% by 2019 (currently 2%). The regulations were generally seen as less restrictive than was expected, but will still require some banks to raise more capital.

Central banks in the UK, the US and Japan appeared to change their stance on monetary policy. The Fed (US) and Bank of England (UK) both hinted in releases that they will engage in further quantitative easing to support their economies, if necessary. Japan intervened in the foreign exchange market for the first time in four years after the yen hit a 15-year high against the US dollar (USD). They bought USD by selling a reported ¥2 trillion (NZ$33 billion) in order to help exporters by lowering the exchange rate. The move was successful in the short run, lowering the Yen by 3%, but it has since risen back to be near the pre-intervention level.

...but advanced economy growth slows...

The slowdown that was expected to occur in the second half of 2010 has started to eventuate and in some cases occurred earlier than anticipated. Data released in Europe and the UK, including retail sales and industrial production, indicate that their strong performance in the June quarter was a one-off with the September quarter likely to show easing growth. In the US, June quarter growth was revised down from an initial 0.6% to 0.4%, due to lower contributions from trade and inventories. The performance of the US economy has closely matched that of New Zealand in recent years, perhaps because both countries have been affected by similar factors or reflecting the influence of financial market flows and, to a lesser extent, trade linkages (Figure 5). However, New Zealand's trade is moving towards Australia and Asia (excluding Japan) which is proving beneficial, especially to the terms of trade, as that is the faster growing part of the world.

Figure 5 – Growth in New Zealand and the US



Source: US Bureau of Economic Analysis, Statistics NZ

[2] See Economic Brief: Economic Impact of the Canterbury Earthquake: http://www.treasury.govt.nz/economy/reports/econbrief-eice-10sep10.pdf

...and concerns remain...

While risk assets have rallied, markets remain cautious. Speculation that central banks will increase quantitative easing and sovereign debt worries have seen gold hit an all-time high and safe-haven government bond yields hit all-time lows. Worries over the Irish banking system and economy, compounded by Moody's downgrading Anglo Irish Bank's credit rating three notches, the Irish government estimating it will cost up to €50b to bail their banks out and the cancellation of bond auctions in October and November due to high interest rates, saw Irish government bond and credit default swap (CDS) spreads hit record highs.

...with impact on New Zealand uncertain

The expected slowdown in trading partner growth in the second half of 2010 does not automatically mean New Zealand will experience a slowdown in the second half of the year. Experience over the past 18 years shows New Zealand's half-yearly growth has slowed or accelerated at the same time as growth in our trading partners only around half of the time. Domestic factors can have more of an impact and cause New Zealand to be out of sync with our trading partners. The first half of 2010 is the most recent example, with drought conditions contributing to a deceleration of growth. Whether New Zealand can remain out of sync and see growth accelerate in the second half of 2010 will depend on trading partner growth and the exact impact of domestic factors such as the tax changes and the Canterbury earthquake.

Special Topic: Business talks

Treasury's talks with businesses in September[3] revealed an economy that had come off last year's low point but with growth remaining weak.

Trading activity

Business activity was generally described as 'flat'. Whilst sales and profits had picked up from last year's low levels, the increase was not large and businesses had been hoping for a stronger recovery out of the recession. An anticipated upswing through the second half of 2010 is yet to eventuate.

There were mixed reports from exporters. Those firms exporting to Australia and/or exporting commodities are doing well, whereas firms exporting to the USA and/or Europe are not. Export receipts from meat are expected to dip in the 2010/11 season as a drought-induced fall in volumes more than offsets a rise in prices. Long-term prospects for the meat and dairy industries are positive as the international demand for protein continues to increase.

House construction has not picked up and there are few commercial construction projects in the pipeline. There has been plenty of infrastructure construction taking place recently, e.g. roads and stadia, but this work is also tapering off now.

In general, retailers are struggling, with a noticeable slowdown in the past couple of months. There is no evidence of a pre-GST increase spending spree. Tourist numbers are still holding up, especially in the South Island. However, the number of big-spending American, European and Japanese tourists are down, replaced by lesser-spending Australians and Chinese, so overall spending by tourists is down.

Employment, wages and prices

After an initial flurry of lay-offs through the early part of the recession, employment has subsequently remained fairly stable. Most employers retained staff through the recession so that they would be prepared for the upturn when it started. There are still skill shortages in some professions and some firms reported difficulties recruiting high-performing staff.

Nil-to-low pay increases were the norm through the recession. By and large, increases in wage rates and salaries have now resumed, but these are, on average, limited to current increases in the cost of living (excluding any anticipated GST increase).

Some firms have been able to push through price increases, but in the main, businesses have come up against consumer/customer resistance when trying to increase prices, so prices have remained quite static. This is likely to remain the case when the GST rate increases on 1 October. Many firms are planning to initially partially absorb the GST

[3] In mid-September, Treasury contacted 35 firms and business organisations in Auckland, Wellington and Christchurch. This report summarises the opinions of those firms and organisations. Talks in Christchurch were conducted over two days in the middle of September. The situation in Canterbury is changing daily, so comments related to the impact of the earthquake may already be out of date.

increase, particularly those firms with products priced around sticky price points.

Business investment, credit and profits

Business investment has largely stalled. Any investment that is taking place is mainly restricted to repairs and maintenance. There were reports of firms catching up on previously-deferred maintenance and some significant investment, but these were the exception rather than the rule.

The three main reasons cited for the muted level of investment were:

- a lack of business opportunities to invest in;
- caution on the part of businesses, i.e. unwilling to take the risk of additional investment in what are perceived as uncertain times; and
- lack of cash or credit.

The cost of credit is cheaper now than it was before the recession. However, there is a pervading perception that it is not as cheap as it could be because lenders have increased their lending margins over the last couple of years. This has occurred because the lenders are now more-accurately pricing risk and the cost of funding has increased.

The level of profits declined through the recession, reaching a nadir in 2009. Previously, firms had been looking forward to an increase in profits in 2010. This turned out to be the case but, with the exception of a few stellar examples, the increase in profit was not as great as was hoped for. Expectations for 2011 are that profits will be at a similar level to that of 2010.

Canterbury earthquake

Most firms that were interviewed reported a short period of disruption to their business before they were up and running again. Retailers estimated that they lost up to a week's worth of sales, which will never be recovered. Some manufacturers also lost up to a week's production, but will be able to make this up over the coming weeks and months. There were reports that residential real estate activity and car sales have dropped owing to difficulty in obtaining insurance. The focus so far has been on cleaning up and temporary labour has poured into the Canterbury region to help with this. Additional labour will also be required for the repairing and rebuilding effort. Construction firms will be allocating extra resources to the Canterbury region, resources that would otherwise have been sitting idle or lost overseas, owing to the further deterioration that was imminent for this sector. Local businesses are resisting the temptation to 'price-gouge', as they do not wish to tarnish their reputations, and there was at least one report of a business being lenient on customers who are late paying bills because of the earthquake.

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

1 October 2010

Quarterly Indicators

		2009Q1	2009Q2	2009Q3	2009Q4	2010Q1	2010Q2	2010Q3
Gross Domestic Product (GDP)								
Real production GDP	qtr % chg[1]	-0.9	0.1	0.2	1.0	0.5	0.2	...
	ann ave % chg	-1.5	-2.3	-2.5	-1.7	-0.4	0.7	...
Real private consumption	qtr % chg[1]	-1.0	0.3	0.9	0.9	0.4	0.1	...
	ann ave % chg	-1.2	-1.5	-1.3	-0.6	0.6	1.5	...
Real public consumption	qtr % chg[1]	0.1	-1.0	0.4	1.1	1.7	0.5	...
	ann ave % chg	4.4	3.1	2.5	1.4	1.1	2.0	...
Real residential investment	qtr % chg[1]	1.3	-3.4	-3.5	4.8	1.4	11.1	...
	ann ave % chg	-22.8	-24.4	-23.9	-16.8	-11.5	-2.7	...
Real non-residential investment	qtr % chg[1]	-7.2	0.8	-2.3	-1.8	-0.3	4.7	...
	ann ave % chg	-1.1	-6.4	-8.6	-10.2	-9.2	-6.5	...
Export volumes	qtr % chg[1]	0.3	3.9	0.7	-0.4	1.2	1.3	...
	ann ave % chg	-3.0	-3.6	-2.7	0.4	3.2	4.0	...
Import volumes	qtr % chg[1]	-7.4	-2.6	1.4	5.8	1.6	0.6	...
	ann ave % chg	-4.3	-12.1	-16.2	-14.8	-9.5	-1.6	...
Nominal GDP - expenditure basis	ann ave % chg	1.7	1.1	1.1	1.2	1.8	2.6	...
Real GDP per capita	ann ave % chg	-2.4	-3.2	-3.5	-2.8	-1.6	-0.6	...
Real Gross National Disposable Income	ann ave % chg	-0.9	-1.5	-1.2	-0.8	1.2	1.4	...
External Trade								
Current account balance (annual)	NZ$ millions	-14723	-10522	-5946	-5204	-4458	-5600	...
	% of GDP	-8.0	-5.7	-3.2	-2.8	-2.4	-3.0	...
Investment income balance (annual)	NZ$ millions	-12999	-10794	-8059	-7930	-7627	-8909	...
Merchandise terms of trade	qtr % chg	-2.7	-9.4	-1.6	5.8	6.1	2.0	...
	ann % chg	-5.0	-13.5	-14.1	-8.2	0.1	12.7	...
Prices								
CPI inflation	qtr % chg	0.3	0.6	1.3	-0.2	0.4	0.3	...
	ann % chg	3.0	1.9	1.7	2.0	2.0	1.8	...
Tradable inflation	ann % chg	1.7	0.2	-0.1	1.5	2.0	1.1	...
Non-tradable inflation	ann % chg	3.8	3.3	3.0	2.3	2.1	2.2	...
GDP deflator	ann % chg	2.6	3.3	2.3	0.1	1.0	2.3	...
Consumption deflator	ann % chg	3.8	3.0	2.0	1.2	1.0	0.8	...
Labour Market								
Employment (HLFS)	qtr % chg[1]	-1.3	-0.3	-0.8	0.0	1.0	-0.3	...
	ann % chg[1]	0.8	-0.9	-1.8	-2.4	-0.1	0.0	...
Unemployment rate	%[1]	5.1	5.9	6.5	7.1	6.0	6.8	...
Participation rate	%[1]	68.4	68.4	68.0	68.1	68.0	68.0	...
LCI salary & wage rates - total (adjusted)[5]	qtr % chg	0.6	0.3	0.5	0.4	0.3	0.4	...
	ann % chg	3.4	2.9	2.1	1.8	1.5	1.6	...
LCI salary & wage rates - total (unadjusted)[5]	qtr % chg	0.8	0.6	0.9	0.5	0.5	1.0	...
	ann % chg	5.2	4.6	3.8	2.9	2.5	2.9	...
QES average hourly earnings - total[5]	qtr % chg	1.4	0.7	2.1	-0.2	-0.4	0.7	...
	ann % chg	5.3	4.5	5.1	4.0	2.2	2.2	...
Labour productivity[6]	ann ave % chg	-1.8	-1.4	-0.8	0.4	2.3	2.2	...
Confidence Indicators/Surveys								
WMM - consumer confidence[3]	Index	96	106	120	117	115	119	114
QSBO - general business situation[4]	net %	-64.6	-24.8	35.6	30.7	21.9	17.5	...
QSBO - own activity outlook[4]	net %	-38.7	-13.1	23.0	10.8	14.5	11.3	...

Monthly Indicators

		2010M 3	2010M 4	2010M 5	2010M 6	2010M 7	2010M 8	2010M 9
External Sector								
Merchandise trade - exports	mth % chg[1]	3.9	3.3	-1.1	6.1	-2.4	-2.8	...
	ann % chg[1]	0.6	8.7	6.5	17.1	12.4	15.2	...
Merchandise trade - imports	mth % chg[1]	3.2	-4.9	7.0	2.5	-1.3	-5.7	...
	ann % chg[1]	-4.4	-0.7	12.5	0.0	11.9	3.9	...
Merchandise trade balance (12 month total)	NZ$ million	-160	178	41	592	587	866	...
Visitor arrivals	number[1]	208110	204950	207600	210610	212300	213670	...
Visitor departures	number[1]	207000	207000	214020	207890	216950	215510	...
Housing								
Dwelling consents - residential	mth % chg[1]	-0.3	8.6	-10.0	3.2	2.4	-17.8	...
	ann % chg[1]	32.8	32.4	10.9	27.5	25.9	-3.0	...
House sales - dwellings	mth % chg[1]	1.1	2.4	-5.1	-3.9	-0.9	-3.0	...
	ann % chg[1]	-7.6	-16.8	-16.5	-24.2	-27.1	-27.1	...
REINZ - house price index	mth % chg	1.7	-0.4	-1.4	0.6	-1.2	0.3	...
	ann % chg	6.8	6.2	2.3	4.2	1.8	0.9	...
Private Consumption								
Core retail sales	mth % chg[1]	1.1	0.0	-0.2	1.5	-0.1	...	...
	ann % chg[1]	1.4	1.3	-0.2	1.8	2.1	...	...
Total retail sales	mth % chg[1]	0.5	-0.3	0.4	1.0	-0.4	...	...
	ann % chg[1]	3.2	2.4	2.3	3.2	3.1	...	...
New car registrations	mth % chg[1]	5.1	2.4	-3.8	5.5	-6.4	-0.2	...
	ann % chg	31.7	40.5	30.5	35.8	16.0	19.0	...
Electronic card transactions - total retail	mth % chg[1]	2.1	-1.8	0.3	0.4	-0.1	-0.2	...
	ann % chg	6.1	4.0	2.3	4.3	4.4	2.2	...
Migration								
Permanent & long-term arrivals	number[1]	6830	6570	6450	6330	6940	6950	...
Permanent & long-term departures	number[1]	5870	5800	6100	6100	6060	6110	...
Net PLT migration (12 month total)	number	20973	19954	17967	16504	15221	14507	...
Commodity Prices								
Brent oil price	US$/Barrel	79.52	85.16	76.13	75.25	75.19	76.89	*77.78*
WTI oil price	US$/Barrel	81.24	84.50	73.84	75.35	76.18	76.62	*75.05*
ANZ NZ commodity price index	mth % chg	0.3	3.9	2.1	-0.4	-2.8	-1.5	...
	ann % chg	14.9	22.8	27.9	34.9	30.9	29.0	...
ANZ world commodity price index	mth % chg	1.8	5.1	1.2	-1.6	-0.8	-1.4	...
	ann % chg	49.5	53.2	51.8	50.1	47.3	38.6	...
Financial Markets								
NZD/USD	$[2]	0.7032	0.7123	0.6992	0.6928	0.7111	0.7154	*0.7259*
NZD/AUD	$[2]	0.7712	0.7685	0.8019	0.8105	0.8134	0.7944	*0.7766*
Trade weighted index (TWI)	June 1979 = 100[2]	65.10	66.10	67.00	67.10	67.20	66.60	*66.78*
Official cash rate (OCR)	%	2.50	2.50	2.50	2.75	3.00	3.00	3.00
90 day bank bill rate	%[2]	2.67	2.69	2.89	3.07	3.23	3.25	*3.18*
10 year govt bond rate	%[2]	5.86	5.96	5.73	5.51	5.40	5.24	*5.28*
Confidence Indicators/Surveys								
National Bank - business confidence	net %	42.5	49.5	48.2	40.2	27.9	16.4	13.5
National Bank - activity outlook	net %	38.6	43.0	45.3	38.5	32.4	25.7	26.7
ANZ-Roy Morgan - consumer confidence	net %	121.8	121.9	126	122	115.6	116.3	116.4

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