Monthly Economic Indicators

THE TREASURY
Kaitohutohu Kaupapa Rawa

November 2010

Executive Summary

- **Retail sales rose in September in anticipation of higher GST, but likely fell in October**
- **Credit growth and housing market stall**
- **Agriculture and education drive employment recovery, unemployment slower to fall**
- **Business confidence rises, trade surplus widens on record high commodity prices but risks to export growth intensify**

Domestic data released in October showed that consumer spending at retail outlets rose in anticipation of higher Goods and Services Tax (GST) from 1 October and that subsequently it likely fell back. Household credit growth was flat in October and house prices edged lower, suggesting that household spending remains conservative and that the economy will need to rely on other sources of expenditure to drive growth in the period ahead.

The labour market grew strongly in the quarter, but the quarterly rise appeared to overstate the strength of underlying demand. Much of the demand for labour over the past year has come from the primary industries and from education. Employment in manufacturing industries looks to be stabilising, but trading conditions in the industry remain challenging. The unemployment rate recorded a large fall in the quarter, down 0.5 percentage points, but is little changed from a year ago, reflecting rising participation among older age groups and high unemployment rates for younger age groups, particularly Maori. The outlook is for the labour market recovery to continue at a moderate pace over 2011.

Businesses remain reluctant to increase their exposure to debt, although there are encouraging signs of a lift in credit growth and rising business confidence points to a more vibrant economy over 2011.

Commodity exports are benefiting from rapid price growth and have helped push the merchandise trade surplus to its highest level in sixteen years. Maintaining that surplus will be challenging as there is limited capacity to increase agricultural volumes in the short-term and imports are likely to increase as consumption and investment strengthen over the year ahead. In addition, a number of risks to export volumes emerged over the month including drought and the kiwifruit vine disease, psa. Concerns about the sustainability of commodity prices also intensified over the month as China acted to curb rising inflation and the stability of the Euro area came under question. We review recent international developments and their implications for New Zealand in our *Special Topic*.

New Zealand Government

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Analysis

Domestic data released in the month showed that consumer spending at retail outlets rose in anticipation of October's rise in the Goods and Services Tax (GST) but, with household credit growth slowing and house prices falling, the underlying dynamic remains weak. Outside of commodity exports, the data suggest the economy is in a flat patch and that businesses remain reluctant to increase their exposure to debt. However, strengthening business confidence points to a more vibrant economy over 2011.

Early in the month positive labour market data and record high export commodity prices combined with further easing of US monetary policy to send the NZ dollar to post-crisis highs against the US dollar. These gains proved short-lived as concerns around inflation in China and European sovereign debt intensified, spilling over to a change in the outlook for New Zealand's foreign currency sovereign credit rating. International developments are covered in this month's *Special Topic*.

Retail sales rose on pre-GST spending…

Retail sales rose ahead of October's GST increase but likely fell back in October. To the extent that the surge in September sales "brings forward" spending that would otherwise have occurred in the December quarter and beyond, spending in those quarters will be lower, albeit offset by a normalisation of sales in Canterbury, which rose just 0.1% in September.

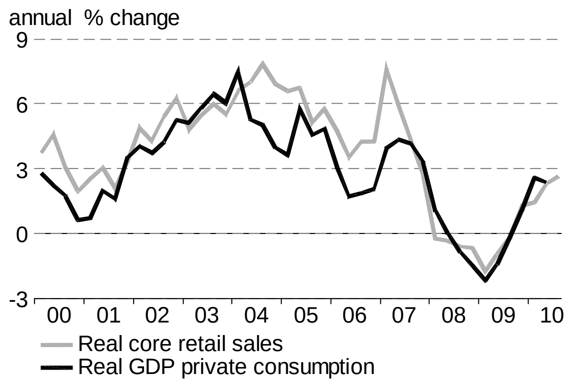
Total and core retail sales (the latter excludes vehicle-related industries) rose 1.6% in September from a month ago, driven by spending on mid-sized consumer durables: furniture and floor coverings (+30%) and appliances (+14%).

Increased activity in the September month accounted for most of the rise in activity in the quarter. In the September quarter, the value of sales rose 0.8% and the volume of sales increased 0.7%, while core retail sales and volumes both rose 0.9%. The leading contributors to the rise in core retail volumes were the same as for the month - appliance retailing (up 4.3%) and furniture and floor coverings (up 6.1%).

The similarity in sales values and volumes implies a switch in spending towards goods whose prices are not rising. This is reflected in September's drop in spending at supermarkets and grocery stores (-$9 million), despite the Food Price Index showing a 1.2% rise in the month, and the rise in spending on furniture and floor coverings (+$9 million) where prices were flat in the September quarter.

Overall, the effect of GST on retail sales was significantly below our Budget expectations, although some of the GST impact may have occurred in the June quarter when volumes rose 1.5%. Moreover, with consumers' perceptions of current conditions remaining weak, house prices edging lower, and credit growth grinding to a halt, households appear to remain firmly in consolidation mode.

Figure 1 – Retail sales and private consumption



Source: Statistics NZ

For GDP, the rise in sales volumes over the quarter provides a reasonable foundation for growth (Figure 1). However, weakness in other components of consumption, such as communications, has provided a significant offset in recent quarters. The services sector generally is struggling to make significant headway in the current environment according to the BNZ-BusinessNZ Performance of Services Index, which fell 2.9 points to 52.0 in October, but above the neutral mark of 50.

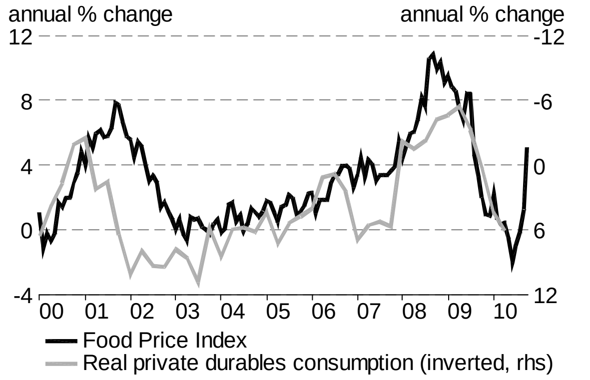
...but likely fell in October…

Indications of a reversal of September's retail sales gains was provided by October's Electronic Card Transactions (ECT) report, which covers all debit and credit card spending in New Zealand on a GST inclusive basis.

ECT retail sales rose 0.8% in October following a 1.7% increase in September. The increase was mainly due to a rise in fuel retailing, reflecting higher GST and excises as well as some volume growth. Durable goods sales fell 6.0%, having increased 4.1% in September. The rise in GST was reflected in higher spending on consumables (up 2.4%) and apparel (up 2.7%) but, overall, core retail sales were flat on September, implying a fall in sales volumes. The official retail sales report for October, due 14 December, excludes GST and will provide a clearer picture of the post-GST effect on consumer spending.

Food prices also reflected the impact of higher GST, rising 2.2% in October, and up 5.1% from October 2009 (Figure 2). Not all food prices showed the full GST impact, but its effects could be seen in a large proportion of goods - around 40% of all food prices rose between 2.0% and 2.5%. The rise in food prices reinforces our view that, on average, consumer prices will rise in line with GST although the impacts may take several months to flow through fully.

Figure 2 – Food prices and durables goods



Source: Statistics NZ

Looking forward, food prices are likely to increasingly reflect the impact of rising commodity prices. Higher prices for dairy products, beef and lamb contributed substantially to the 1.2% quarterly rise in September's Producer Price Index, and the ANZ Commodity Price Index has continued to rise, up 8.4% in the first two months of the December quarter.

Rising food prices are also likely to act as a brake on durables spending (Figure 2) and household consumption more generally.

…as credit growth and housing market stall

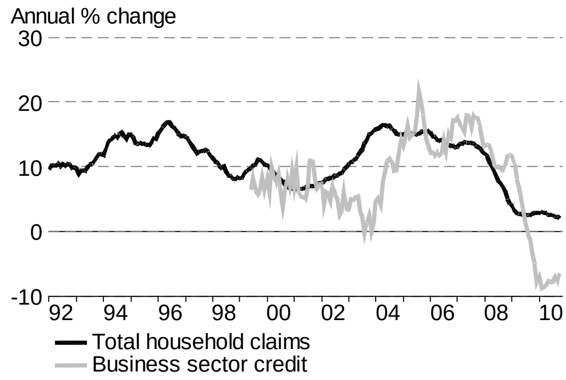
Credit growth in the household sector stalled in October as house sales fell to their lowest level in an October month since at least 1992 when the series compiled by the Real Estate Institute of New Zealand (REINZ) begins. Sales fell 7.2% (seasonally adjusted) in the month, pulled down by the low level of sales in Canterbury, although these did pick up from September's levels. The REINZ House Price Index fell 0.9%, the sixth fall this year, and was 3.5% lower than a year ago.

Building consents for new homes are also falling. Excluding apartments, which tend to be volatile, consents fell for the fourth consecutive month, down 1.1% and down 14.4% on October 2009. Consents in Canterbury did not show any real impacts from the earthquake, falling 6.6% from a year ago, compared with declines of around 5% for Auckland and Wellington. Declines in other regions were much larger: consents in Northland, Manawatu-Wanganui, and Otago were all over 50% down on last year.

Residential investment rose 11% in the June quarter, but the weakness in consents points to a negative contribution to GDP in the September quarter. Reconstruction work in Canterbury is likely to take until the New Year to get into full swing and, unless the housing market makes a significant come-back over November, residential investment will probably act as a drag on growth in the December quarter as well.

Given this weakness it is not surprising that household credit growth was flat in October, reducing annual growth to 2.0% (Figure 3).

Figure 3 – Credit growth



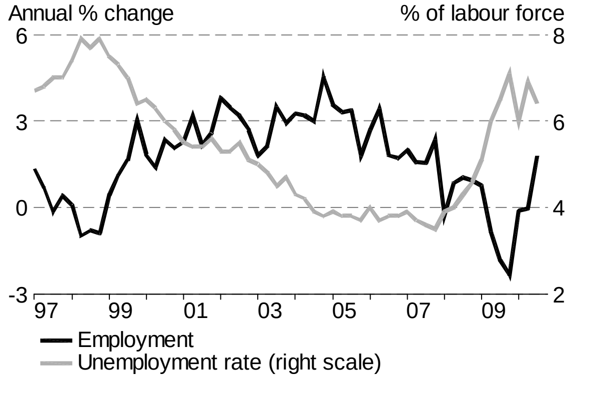
Source: RBNZ

Business credit rose 0.9% in the month, the largest rise since late 2008, but it remains 6.6% below last year's level (Figure 3). However, it does appear that demand is gradually returning as business credit for the three months ended October rose 0.7%, the first three-month gain since February 2009. It will take longer to confirm a change in trend but until business credit begins to really accelerate there is little prospect of a sustained shift to higher economic growth.

Agriculture and education drive employment recovery…

Employment grew strongly in the September quarter, up 1.0% (23,000), and the unemployment rate fell to 6.4%, down 0.5 percentage points (%-pts). However, the data is volatile on a quarterly basis suggesting that September 2009 may be a preferable base for comparison. Compared to a year ago employment rose 1.8% (39,000) and the unemployment rate fell 0.1%-pt (Figure 4) despite the number of people unemployed remaining steady at 144,500.

Figure 4 – Employment and unemployment



Source: Statistics NZ

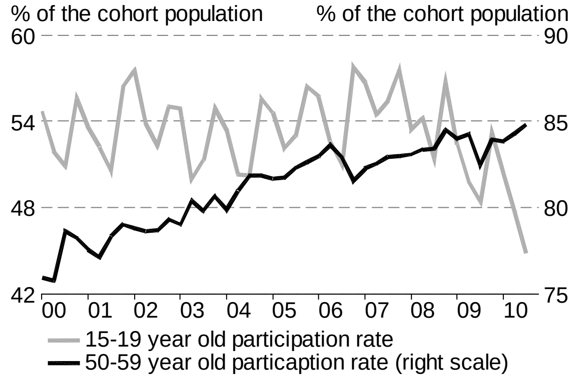
Fourteen of the 16 industry groups in the Household Labour Force Survey (HLFS) recorded a rise in employment from September last year. Around half of the gain occurred in the agriculture, forestry and fishing (up 13,200) and education and training (up 6,500) industries, the latter dominated by the public sector. The financial services and insurance industry recorded the largest fall (down 8,600). The strength of the public sector contribution was also evident in the Quarterly Employment Survey (QES), which excludes agriculture, with a 2.7% (8,800) rise in public sector jobs[1]. In comparison, private sector filled jobs rose 0.2% (2,700), suggesting that the recovery in employment is yet to gain any real traction.

The QES also showed manufacturing jobs had fallen to a fresh low of 190,000, well down from the average of over 230,000 in the decade prior to the global financial crisis. More promisingly, declines in the industry appear to be coming to an end: the annual pace of job losses slowed to -2.6% from -4.7% in the June quarter; and employment was flat in the (HLFS). The employment component of the BNZ-BusinessNZ Performance of Manufacturing Index, which has been averaging around 51.5 in recent months also points to a stabilisation in employment. However, the headline PMI has fallen below the neutral mark of 50, suggesting conditions in the industry remain difficult.

…but unemployment slower to fall…

Two factors appear to be holding unemployment up: an increased willingness by older age cohorts to participate in the labour market and high rates of unemployment for 15-19 year olds. Participation in the 50-59 age cohort has continued its secular rise, up over 2%-pts from a year ago to a record high, contrasting sharply with the 4%-pt fall in the 15-19 year age group to a record low (Figure 5). The drop in the latter reflects the 23% unemployment rate for the cohort, which is amplified by the 46% rate for the Maori only ethnic group.

Figure 5 – Participation rates



Source: Statistics NZ

...and productivity growth remains weak

Labour inputs, as measured by hours paid (QES) and hours worked (HLFS), posted quarterly rises of 0.2% and 0.8% respectively, and are supportive of growth in output for the September quarter. However, these measures of labour input suggest productivity growth remains weak. Labour inputs in the QES were 2.3% higher than a year ago, a little above the Treasury's forecast for GDP growth. The 3.0% rise in hours worked in the HLFS implies a fall in output per hour.

Annual wage growth slowed to 1.1% in September but appears to have reached its trough. Private sector hourly earnings grew 1.0% in the September quarter, up from 0.6% in June, pointing to earnings growth of around 3% by this time next year. After-tax earnings are also benefitting from lower income taxes but with the

[1] Public sector includes State Owned Enterprises and local government.

GST rise providing an offset and helping to push inflation to 5% by the middle of 2011, households' discretionary spending budgets will remain tight.

Nonetheless, the labour market is firming, although, given the generally tepid nature of recent data, the case for a marked acceleration in growth is less than compelling. Moreover, labour market developments tend to reflect changes in economic activity with a lag. The Treasury is not expecting GDP growth to gain significant momentum until the middle of 2011, which suggests year-on-year employment growth is likely to remain around 2% over most of 2011, sufficient to reduce the unemployment rate to around 5½% by year's end.

Business confidence rises

A net 33% of respondents to November's National Bank Business Outlook expect business conditions to improve in the next 12 months, up from 24% in October. A net 35% of firms expect better times ahead for their own businesses, with readings on profits, investment, and employment all firming but, as the National Bank points out in its commentary, "such levels are a far cry from flagging an economy that is off to the races".

The big movers in the survey were residential and commercial construction intentions, which makes it hard to look beyond reconstruction activity in Canterbury as the primary driver of the lift in confidence, even if it is spilling over to other regions and sectors.

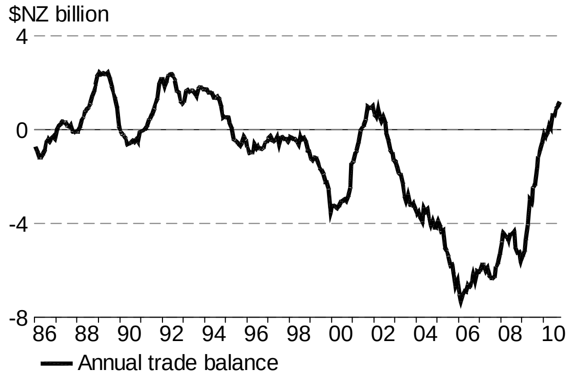
Reconstruction in Canterbury and the 2011 World Cup will support domestic demand over the year ahead, but beneath that there are few signs of a post-recovery bounce in activity sufficient to really suck-in spare capacity. Indeed, the NBBO measure of capacity utilisation eased as did inflation expectations, both movements indicative of a subdued outlook for demand.

Trade surplus widens on record high commodity prices

New Zealand's commodity export prices rose 3.5% to a record high in October, and rose a further 4.5% in November. Wool led the gain in the ANZ Commodity Price Index in October, up 29%, while pelts and skins lifted 32% in November. In New Zealand dollars, the index is marginally below its peak in May this year.

Higher export commodity prices are being reflected in the merchandise trade surplus, which grew to $1,176 million, up from $933 million last month and the largest trade surplus since 1994 (Figure 6). The trade balance for the month was a deficit of $319 million.

Figure 6 – Merchandise trade balance

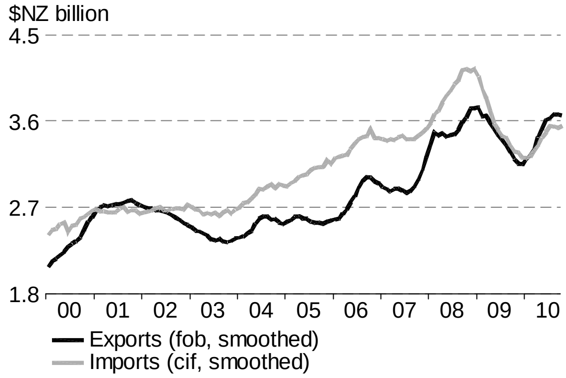


Source: Statistics NZ

Export receipts were 25% ($723 million) higher than October last year (the preferred base as the data are not seasonally adjusted). Exports of dairy and forestry products, up 62% and 29% respectively, reflected the strength of demand from China. Imports for October rose 16% ($541 million) from last year, the largest annual rise in two years. Crude oil imports (up 47%) and plant and machinery imports (up 11%) led the increase.

Overall, the external sector is partially offsetting weakness in domestic demand, but this effect will likely diminish over the year ahead. Export growth has levelled off (Figure 7) and the agricultural sector has a limited capacity to expand in the short-term. In addition, a range of risks to export volumes emerged over the month including drought, the closure of the Pike River coal mine and the Kiwifruit vine disease, psa. Downside risk to prices also intensified over the month as China acted to curb rising inflation and the stability of the Euro area came under question. On the other side of the equation, imports, while currently 15% below their pre-recession levels (Figure 7), will rise as consumer demand and business investment recover.

Figure 7 – Merchandise trend values (monthly)



Source: Statistics NZ

Special Topic: International economic developments

During November sovereign debt and monetary policy developments took centre stage. Sovereign debt problems in Euro area peripheral countries escalated, with Ireland requiring a bailout package and fears of contagion raising spreads for bonds and CDSs (credit default swaps – the cost of insuring against a bond default). Showing the continuing divergence in growth prospects between the two groups, advanced countries continue to ease monetary conditions, while emerging economies and others, which benefit from their growth, tighten monetary policy.

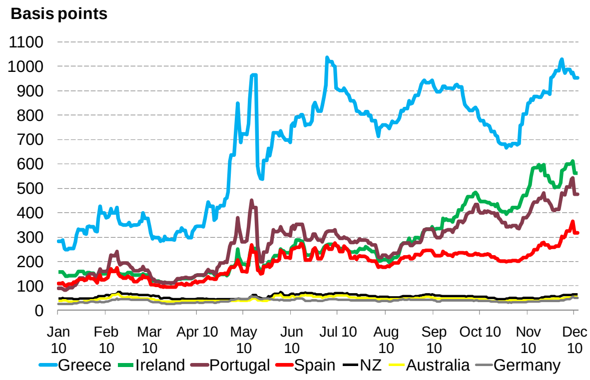
European sovereign debt woes resurface...

Ireland became the second Euro area country, after Greece in April, to require a bailout package. The package will total €85 billion and be made up of €17.5 billion from the Irish National Pension Reserve Fund and €22.5 billion from the IMF and €45 billion from the European Union financial stability funds and bilateral loans from the UK, Denmark and Sweden. In terms of the use of the package, €35 billion is for the banking sector and €50 billion for government funding. As part of the conditionality of the loan, the Irish government has announced austerity measures, to be approved in a December 7 Budget, to reduce the budget deficit from 12% currently to under 3% of GDP by 2015. The measures involve €10 billion in spending cuts, including increasing the pension eligibility age, and cuts to public sector jobs and wages. There is also €5 billion of increased value added, property and income taxes.

Economic growth in the peripheral Euro area countries will likely be subdued for some time as households and banks work through earlier property market excesses and restore solvency. In addition, in the absence of offsetting expansionary monetary policy actions, which would also have helped with buoying credit and property markets, fiscal policy adjustments needed to restore sovereign solvency will further weigh on economic activity. Euro area membership means that monetary policy decisions are made by the European Central Bank (ECB) for pan-European conditions rather than specifically for the needs of the periphery.

Following the bailout announcement Standard & Poor's cut Ireland's foreign currency credit rating two notches from AA- to A. In reaction to the developments, Irish bond and CDS spreads have risen and contagion worries led to Spanish and Portuguese CDS spreads hitting record highs (Fig 8). However, spreads have fallen back slightly on speculation of a larger European bailout fund and the ECB extending the length of one of its liquidity facilities.

Figure 8 – 5-year government CDS spreads



Source: Bloomberg

...but core countries show strength

On the other hand, data from Germany and France continue to be strong, shrugging off problems in peripheral economies. Q3 GDP in Germany rose 0.7% to be up 3.9% for the year. Also, the Euro area manufacturing and service PMI surveys are at multi-month highs, led by strength in France and Germany, while German business confidence hit a record high.

The US announced quantitative easing...

The US Federal Reserve (Fed) announced a second round of quantitative easing (QEII), where they will purchase US$600 billion of Treasury Bonds up until June 2011. The reason given for QEII was that unemployment is too high and inflation too low, shown by core CPI inflation being at its slowest annual rate since records began in 1957, at 0.6%. The aim of QEII is to decrease long-term interest rates by purchasing bonds, in order to stimulate the economy. Markets initially reacted positively to the Fed's announcement, with risk assets rallying and the US dollar and bond yields falling, before reversing some of their initial movements.

As balance sheet concerns remain high, the direct impacts on the US of QEII are not expected to be large, because of cautious attitudes by firms, consumers and financial institutions. Accordingly, the greatest impact for the US economy is likely to be indirect, through the global ramifications via the exchange rate falling, which will boost exports and create jobs, and asset markets will rise with growing corporate earnings. However, higher import prices from a lower exchange rate will have some offsetting negative impact on activity.

For New Zealand, QEII has mixed implications. A stronger global economy and extra liquidity is good for commodity export demand, access to funding markets and a higher NZD helps contain inflation pressures. However, a stronger NZD will negatively impact on non-commodity exporters to the US and countries pegged to the USD, but sales of manufactured goods to Australia should be less affected, as the exchange rate against Australia has remained relatively stable. The impact of QEII is now being reduced with European sovereign debt worries.

...while Asia and Australia continue tightening

In contrast to the monetary easing occurring in the US, Asia excluding Japan (AxJ) and Australia continue to tighten monetary policy. Australia, Korea, Thailand and India all raised their policy interest rates in November. In addition, China announced two bank reserve requirement ratio (RRR) rises totalling 100 basis points, taking it to 18.5%. The RRR increases follow an interest rate rise last month and show the government's commitment to containing inflation and moving the economy to a more sustainable growth path. These monetary policy developments highlight the divergence in growth between those countries in the AxJ region and developed economies. However, there are signs growth momentum in the region may be turning, with slower and below-expected Q3 GDP growth in Australia, Malaysia, Thailand and the Philippines. Also, some weaker Australian activity data, including retail sales and the manufacturing PMI, suggest further monetary tightening may be delayed.

Economic data has generally been positive...

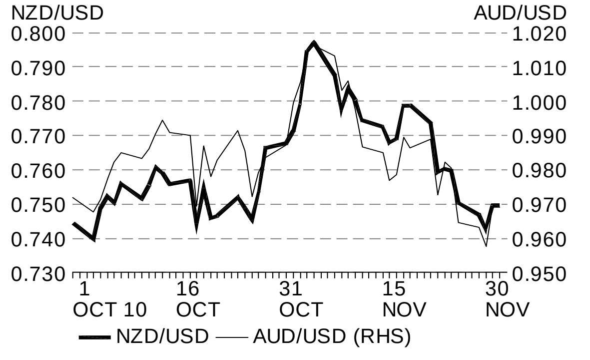
While developed countries' growth continues to lag their emerging economy counterparts, there have been positive signs that it will continue at a moderate pace. US and Japanese Q3 GDP rose 0.6% and 0.9% respectively, both above the market's pick. In addition, Australia, the UK and the US all showed strong employment growth, which in Australia's case continues the labour market's strength and in the UK and the US may be the start of sustained job growth allowing the unemployment rates to drop from their currently-high levels. PMI surveys continue to hold up and indicate that manufacturing and service sectors continue to show expansion in most developed and developing countries around the world.

...but financial markets were volatile

World equities and commodities rose early in the month as the announcement of QEII led participants to believe that some of the extra liquidity created will flow into these markets and strong GDP, employment and PMI data suggested the global slowdown will not be as sharp as was expected. These markets then mostly reversed their gains, as Irish debt problems and China tightening monetary policy led to increased risk aversion.

The commodity currencies also experienced ups and downs in November with the Australian (AUD) and New Zealand (NZD) dollars initially rising to multi-year highs (the AUD hit parity with the US dollar, its highest post-float level) as QEII led to a fall in the US dollar, the Reserve Bank of Australia unexpectedly raised interest rates and New Zealand's export commodity prices hit record world price levels. Lower risk appetite has subsequently seen these currencies fall back to lower levels (Figure 9).

Figure 9 – Australian and NZ dollar exchange rates



Source: Datastream, RBNZ

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 December 2010

		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	0.2	1.1
	ann % chg	3.0	1.9	1.7	2.0	2.0	1.7	1.5
Tradable inflation	ann % chg	1.7	0.2	-0.1	1.5	2.0	1.0	0.3
Non-tradable inflation	ann % chg	3.8	3.3	3.0	2.3	2.1	2.2	2.5
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]	-1.4	-0.2	-0.8	0.0	1.0	-0.2	1.0
	ann % chg[1]	0.7	-0.9	-1.8	-2.4	-0.1	0.0	1.8
Unemployment rate	%[1]	5.1	6.0	6.5	7.1	6.0	6.9	6.4
Participation rate	%[1]	68.4	68.4	68.0	68.1	68.0	68.1	68.3
LCI salary & wage rates - total (adjusted)[5]	qtr % chg	0.6	0.3	0.5	0.4	0.3	0.4	0.5
	ann % chg	3.4	2.9	2.1	1.8	1.5	1.6	1.6
LCI salary & wage rates - total (unadjusted)[5]	qtr % chg	0.8	0.6	0.9	0.5	0.5	1.0	1.1
	ann % chg	5.2	4.6	3.8	2.9	2.5	2.9	3.1
QES average hourly earnings - total[5]	qtr % chg	1.4	0.7	2.1	-0.2	-0.4	0.7	1.0
	ann % chg	5.3	4.5	5.1	4.0	2.2	2.2	1.1
Labour productivity[6]	ann ave % chg	-1.8	-1.4	-0.8	0.4	2.3	2.1	...
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	6.4
QSBO - own activity outlook[4]	net %	-38.7	-13.1	23.0	10.8	14.5	11.3	9.5

Monthly Indicators

		2010M 5	2010M 6	2010M 7	2010M 8	2010M 9	2010M10	2010M11
External Sector								
Merchandise trade - exports	mth % chg[1]	-1.1	6.0	-3.0	-2.4	-2.8	2.6	...
	ann % chg[1]	6.4	17.0	12.2	15.0	12.9	24.0	...
Merchandise trade - imports	mth % chg[1]	7.0	1.8	-1.2	-6.6	2.0	1.1	...
	ann % chg[1]	12.5	-0.1	11.8	3.1	6.8	15.8	...
Merchandise trade balance (12 month total)	NZ$ million	41	593	585	889	993	1176	...
Visitor arrivals	number[1]	207740	209550	212280	213440	214670	210470	...
Visitor departures	number[1]	214190	207810	216560	214740	211040	213330	...
Housing								
Dwelling consents - residential	mth % chg[1]	-10.1	2.1	3.0	-17.8	0.3	-2.0	...
	ann % chg[1]	11.5	26.6	26.0	-3.1	-9.7	-17.7	...
House sales - dwellings	mth % chg[1]	-4.9	-4.1	-1.2	-3.5	-6.9	-7.2	...
	ann % chg[1]	-16.5	-24.2	-27.1	-27.1	-33.4	-35.8	...
REINZ - house price index	mth % chg	-1.4	0.6	-1.2	0.3	-0.3	-0.9	...
	ann % chg	2.3	4.2	1.8	0.9	-1.3	-3.5	...
Private Consumption								
Core retail sales	mth % chg[1]	-0.3	1.5	-0.2	-0.6	1.6	...	...
	ann % chg[1]	-0.2	1.7	2.2	0.1	1.7	...	...
Total retail sales	mth % chg[1]	0.4	1.0	-0.5	0.0	1.6	...	...
	ann % chg[1]	2.2	3.3	3.1	1.9	3.6	...	...
New car registrations	mth % chg[1]	-3.8	5.6	-6.4	-0.1	2.3	-4.3	...
	ann % chg	30.5	35.8	16.0	19.0	19.2	9.4	...
Electronic card transactions - total retail	mth % chg[1]	0.2	0.3	0.0	0.0	1.7	0.8	...
	ann % chg	2.3	4.3	4.4	2.2	5.1	4.8	...
Migration								
Permanent & long-term arrivals	number[1]	6440	6340	6970	6990	7240	7290	...
Permanent & long-term departures	number[1]	6110	6110	6070	6140	6200	6610	...
Net PLT migration (12 month total)	number	17967	16504	15221	14507	13914	12610	...
Commodity Prices								
Brent oil price	US$/Barrel	76.13	75.25	75.19	76.89	77.94	83.34	85.80
WTI oil price	US$/Barrel	73.84	75.35	76.18	76.62	75.27	81.90	84.15
ANZ NZ commodity price index	mth % chg	2.1	-0.4	-2.8	-1.5	1.1	0.8	1.4
	ann % chg	27.9	34.9	30.9	29.0	26.9	28.2	15.8
ANZ world commodity price index	mth % chg	1.2	-1.6	-0.8	-1.4	2.8	3.5	4.5
	ann % chg	51.8	50.1	47.3	38.6	32.9	31.4	23.7
Financial Markets								
NZD/USD	$[2]	0.6992	0.6928	0.7111	0.7154	0.7259	0.7501	0.7727
NZD/AUD	$[2]	0.8019	0.8105	0.8134	0.7944	0.7766	0.7647	0.7805
Trade weighted index (TWI)	June 1979 = 100[2]	67.00	67.10	67.20	66.60	66.80	66.70	68.90
Official cash rate (OCR)	%	2.50	2.75	3.00	3.00	3.00	3.00	3.00
90 day bank bill rate	%[2]	2.89	3.07	3.23	3.25	3.18	3.18	3.17
10 year govt bond rate	%[2]	5.73	5.51	5.40	5.24	5.28	5.09	5.49
Confidence Indicators/Surveys								
National Bank - business confidence	net %	48.2	40.2	27.9	16.4	13.5	23.7	33.2
National Bank - activity outlook	net %	45.3	38.5	32.4	25.7	26.7	30.5	35.3
ANZ-Roy Morgan - consumer confidence	net %	126	122	115.6	116.3	116.4	113.6	114.5

qtr % chg — quarterly percent change
mth % chg — monthly percent change
ann % chg — annual percent change
ann ave % chg — annual average percent change

1 Seasonally adjusted
2 Average (11am)
3 Westpac McDermott Miller
4 Quarterly Survey of Business Opinion
5 One News Colmar Brunton
6 Ordinary time
7 Production GDP divided by HLFS hours worked

Sources: Statistics New Zealand, Reserve Bank of New Zealand, National Bank of New Zealand, NZIER, ANZ, Datastream, Westpac McDermott Miller, One News Colmar Brunton