Monthly Economic Indicators

THE TREASURY
Kaitohutohu Kaupapa Rawa

March 2011

Executive Summary

- **Developments in March confirmed that economic weakness in the second half of 2010 will extend into 2011**
- **Exporters and the Balance of Payments continue to benefit from high commodity prices as international conditions remain supportive, albeit with increased risks**
- **Reinsurance inflows from both the September and February earthquakes are pushing the current account balance towards surplus**

In February's E*conomic Indicators* we presented our latest forecasts for the New Zealand economy, including our initial assessment of the impact of the February earthquake. Developments in March confirmed our view that the economy was considerably weaker over the second half of 2010 and early 2011 than we had expected in last year's Half Year Update. Lower than expected household spending on consumption goods and housing were the main drivers of the weaker outturn, with some offset from stronger exports.

Falls in business and consumer confidence were expected and echoed the downbeat tone of our business talks. Business opinion in this round of visits was clearly less positive than our last talks in September 2010. Earthquake effects had a large influence on the sentiment of the firms that we visited. Exporters we visited, and those surveyed in the National Bank's *Business Outlook,* were much more positive about the outlook. Our first *Special Topic* summarises the main messages from our March round of business talks.

The relatively strong export performance was reflected in the external accounts, which posted the largest goods surplus in a decade, and in the merchandise terms of trade, which rose to 37 year highs in December. The external accounts are also benefiting from reinsurance inflows arising from damage caused by September's earthquake. In the December accounts these inflows were revised up to $3.6 billion from $1.7 billion previously. The March accounts will likely include initial estimates of the value of reinsurance claims from February's earthquake. Over time we expect the combined value of reinsurance inflows to rise to around $9 billion, sufficient to push the current account balance into surplus for the first time in 37 years.

Export prices continued to rise over the month, despite a fall in dairy prices. The international outlook remains positive, albeit with increased risks from developments in Japan, North Africa and the Middle East. Our second *Special Topic* looks at the economic impacts of the Japanese earthquake on Japan and New Zealand.

New Zealand Government

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Earthquake knocks confidence

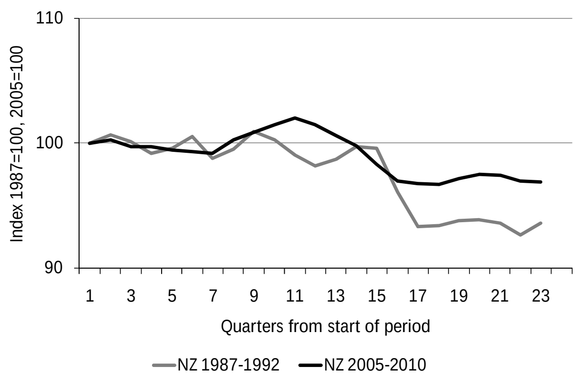
The negative economic implications from February's tragic earthquake were apparent in business and consumer confidence surveys released this month and in our contacts with business. These developments were, for the most part, foreshadowed in the February issue of *Economic Indicators* and do not significantly alter our preliminary assessment of the impact of the 22 February Christchurch earthquake. Our first *Special Topic* summarises the main messages from our March round of business talks.

The calamitous 11 March earthquake in Japan has however led us to revisit some of our assumptions around trading partner growth and the performance of the external sector. Trade with Japan is likely to be negatively impacted in the short-term but the reconstruction programme is expected to be positive for New Zealand's export prices. There are also implications for energy markets. Our second *Special Topic* covers the economic implications of the disaster in more depth.

Output per person falls…

From a solid start early last year, the economy shed momentum through the middle of the year, narrowly avoiding a return to recession in the final quarter. Real GDP rose 0.2% in the December quarter after a 0.2% fall the previous quarter and a 0.1% increase in the June quarter. Little surprise then, that on a per capita basis, real GDP fell in each of the last three quarters of 2010 (Figure 1).

Figure 1 – Real GDP per capita



Source: Statistics NZ

Figure 1 also shows that output per person in New Zealand has fallen in 15 of the last 21 quarters, and that New Zealand suffered from a similar spell of prolonged poor performance in the late 1980s, although the decline in the earlier period is larger.

Relative to our Half Year Update, most of the weakness came from consumer spending and falling levels of residential investment. In contrast to domestic weakness, external drivers were more positive than forecast.

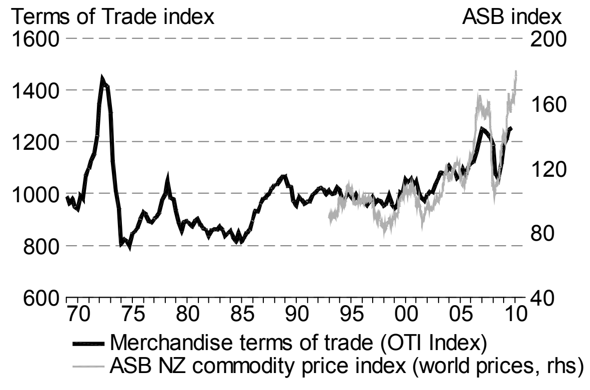
…but output in current prices rises on higher GST…

GDP in current prices, the primary driver of overall tax revenue, was boosted by the rise in GST, up 2.6% in the December quarter, slightly weaker than expected. It appears that businesses have not increased overall prices to the extent we anticipated, reflecting the challenging retail sales environment. This view is supported by lower than expected GST revenue in the January year to date, which relates largely to activity for the year ending December, where the main cause of the shortfall has been lower prices rather than lower sales volumes.

…and higher terms of trade.

A rising terms of trade is also boosting nominal GDP. The merchandise terms of trade rose to its highest level in 37 years in December, and looks likely to rise further (Figure 2). How long the run-up in export commodity prices continues is uncertain, and as Figure 2 shows, periods of sharply rising prices are typically followed by sharp falls.

Figure 2 – Terms of trade and commodity prices



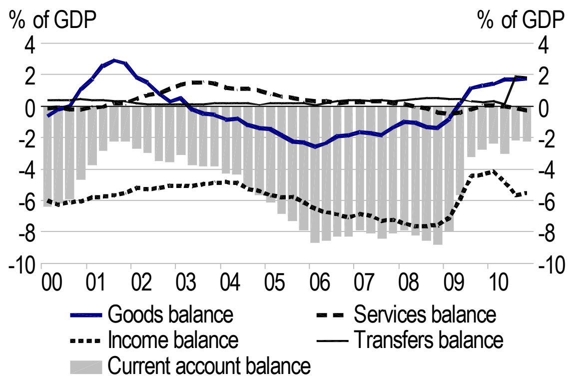
Source: Statistics NZ, ASB

In the dairy market there are signs that prices may be close to their peak, although commodity markets have been volatile in the weeks following the large earthquake in Japan and may have been a factor in the 8% decline in prices at Fonterra's 15 March globalDairyTrade auction. However, the fall may also be signalling that a rebalancing in the dairy market is underway. Supply is increasing in the US and Europe and dairy futures prices in the NZX market have fallen. Nonetheless, demand for other export commodities remains strong, helping the ASB NZ commodity price index to rise 1.5% over March and 10% since December. Higher commodity import prices, particularly for oil, are tempering the terms of trade impact both directly and indirectly by constraining consumer demand for our exports.

Reinsurance inflows affect the Balance of Payments

Strong trading partner growth and high commodity prices are also helping keep the current account deficit close to decade lows, although recent movements have been dominated by reinsurance inflows arising from September's earthquake. The current account recorded a deficit of 2.3% of GDP in December, down from the previously published 3.1% in September (Figure 3). September's figure was revised down to 2.2% as the size of reinsurance inflows was revised up to $3.6 billion from $1.7 billion.

Figure 3 – Balance of Payments



Source: Statistics NZ

The annual goods surplus rose to $3.4 billion (1.7% of GDP) in December, the largest surplus since late 2001, but recent data point to a decline in the March quarter. February's merchandise trade data showed that the annual trade surplus narrowed to $758 million from a high of $1.4 billion in November 2010.

Balance of Payments data for the March 2011 quarter, to be released 22 June, will include all known reinsurance claims arising from the 22 February quake up to the time of publication. It is impossible to know how large the initial estimate will be, but we expect reinsurance inflows in the March quarter to eventually reach $6 billion, large enough to push the annual current balance into surplus for the first time in 37 years. Foreign earthquake aid inflows are expected to provide further support.

The assets underpinning the reinsurance inflows have been a factor in reducing net international liabilities to 81.7% of GDP from 86.5% a year ago. But this impact is temporary and will reverse as insurance claims are settled.

Financial cost of earthquake remains tentative

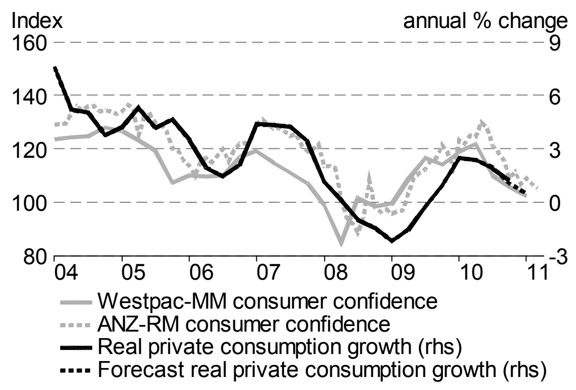
Our assessment of the financial costs of the earthquakes remains tentative. It remains too early to be able to assess the financial costs of damage caused by the February earthquake with any confidence. The information we have received to date has been very partial and has not provided strong grounds to revise our estimate of the combined cost of the September and February earthquakes from $15 billion.

Business and consumer confidence slump

Headline business confidence in the National Bank's *Business Outlook* survey swung from a net 37% expecting the economy to improve to a net 9% expecting the economy to deteriorate. The proportion of companies expecting to do better over the year ahead fell to 15% from 36% in February. Firms in the agriculture sector remained positive about the outlook in contrast to retail firms where the majority of respondents were negative about the outlook. Firms were also less optimistic about the outlook for profits, exports, the labour market and investment.

Consumer confidence also deteriorated in March according to both the Westpac-McDermott Miller and ANZ-Roy Morgan surveys, implying that the recent trend of subdued consumer spending will continue (Figure 4).

Figure 4 – Consumer confidence and consumer spending



Source: Treasury, Westpac, ANZ, Statistics NZ

Other data this month reinforce this subdued trend: residential building consents fell 9.7% in February to their lowest level in two years; household credit grew just 0.1% in February and 1.5% from the same month a year ago; and both petrol and food prices continued to rise, restricting households' discretionary spending.

Labour productivity trend remains weak

Labour productivity grew 3.7% in the March 2010 year driven by a 4.3% fall in labour inputs and a smaller decline (-0.8%) in real output of the measured sector (which excludes hard-to-measure industries such as government administration & defence, health & community services, education). For the March 2006 to March 2010 period labour inputs fell 3.0% and real output rose 0.5%, resulting in average labour productivity growth of a little less than 1% per year, well below the average of 2.0% since 1978.

Looking ahead, labour productivity growth will likely fall in the March 2011 year. Economy-wide data for the 2010 calendar year shows a 2% increase in paid hours and a 0.8% rise in output, which implies labour productivity fell. With output expected to contract in the March 2011 quarter, labour productivity growth since March 2006 could slow to an average of 0.5% or less per year. In addition, the destruction of a sizeable proportion of New Zealand's capital stock is likely to have an initial negative impact on labour productivity. This may be offset as rebuilding begins.

Risks to trading partner growth have increased

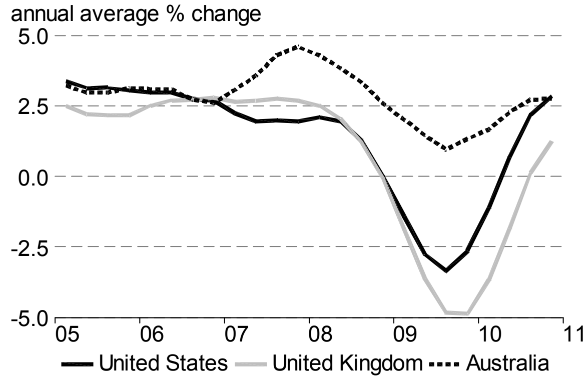
Positive growth has continued amongst our main trading partners, albeit with increased risks arising from intensified Middle East violence and the Japanese disaster. While the markets have focused on these events, the US has seen some improvement in the labour market, the UK has had a new budget and the Euro sovereign debt crisis has returned to the news.

US and UK recovering gradually...

We see growth continuing in the US, although there are significant risks to the outlook. On the plus side, December quarter growth was an annualised 3.1% and March PMIs continued to be strong; manufacturing could be the significant driver of growth this year. The US labour market continues to improve gradually, with the unemployment rate in February sitting at 8.9%. However, the risks to growth are significant. The US housing market remains very weak with prices and sales numbers very low. We do not envisage a significant economic recovery until the current trend reverses. The other main risk to growth we see in the near-term is the end of the Fed's quantitative easing programme, which is unlikely to be extended beyond June. There are concerns that the US recovery will not be sustained without this additional stimulus.

March saw a new budget in the UK, with the changes largely fiscally neutral after the major cuts were announced in last year's budget. The budget contained a cut in corporate tax rates and a lowering of petrol taxes, the latter mainly in an effort to make spending cuts more palatable. Despite the significant budget changes over the past two years, the government still expects to be in deficit for the next five years, albeit at a much lower rate than the 11% of GDP seen in 2009/10. Forecast growth rates were revised down for the UK, in part due to the lower contribution from the government, but also due to the December quarter weather shock in 2010. Inflation continues to be a concern, with the latest annual rate being 4.4%. While a portion of this is the recent VAT increase, there are pressures from growing energy, food and other retail prices. This has led to the likelihood of the Bank of England hiking rates to a higher level than previously expected over the next year.

Figure 5 – GDP growth in Australia, UK and US



Source: DataStream

... with Australia leading the pack

Australia is continuing to be the leader of the advanced economies, with record terms of trade meaning prospects are good for continued strong growth. GDP increased 0.7% in the December quarter. The household sector remains cautious, partly due to rising energy prices, higher interest rates and debt consolidation. The strong labour market, with the unemployment rate at 5.0%, poses an upside risk for household consumption. The recent Japanese disaster will likely have a short-term detrimental effect on exports through disruption, but in the medium term should be positive for commodity exports. (See the second special topic for a discussion of the economic impacts of the Japanese earthquake).

Continuing unrest in the Middle East...

The events in the Middle East and Japan have dominated world markets during March. The continuing conflicts, particularly in Libya, have pushed oil prices higher, further pressuring advanced economies' recovery. Oil prices did decrease temporarily after the Japanese disaster due to a drop in refinery demand, but recovered as focus returned to the violent conflicts in Libya. The real concern is if the violence moves to more significant producers of oil in the Middle East, which could severely hamper production.

... and Euro issues to the fore again

Euro sovereign debt issues returned to the fore during March, with Greece, Spain and Portugal all receiving credit downgrades. Portugal's Prime Minister resigned after his party's budget was rejected by opposition parties for going too far on spending cuts and tax increases. This has led to more uncertainty, and will likely lead to a bailout. Discussions took place during the month among Euro area countries on setting up a bailout fund. However, due to some disagreements surrounding contributions and timing, the final form it may take is unclear.

China is still seen as the growth driver for the world. The government released its five-year economic plan, which included targeting a lower, more sustainable, rate of growth. China is also looking to rebalance towards more domestic demand, mainly through higher consumption instead of exports and investment. Inflation continues to be high, in particular food prices, although the People's Bank of China has continued to respond by further tightening bank reserve requirement ratios in an effort to curb credit growth. This appears to be working somewhat, with the housing market beginning to show signs of cooling.

Special Topic 1: Treasury's Business Talks, March 2011

Treasury's forecasting team met with around 30 businesses and business organisations in Auckland and Wellington during March 2011. The talks were conducted after Christchurch's 22 February earthquake but before Japan's 11 March earthquake. We had also planned to visit Christchurch but these visits were cancelled.

General business conditions flat

As in the previous round of business visits in September, trading conditions were summarised as being flat. Some businesses had a good start to 2010 but saw sales and profits decline as the year went on. Others started off flat, steadily increased through the year, but saw domestic activity slow markedly after the 4 September earthquake. Some businesses commented that activity had been picking up through the early part of 2011, but the 22 February earthquake had dented confidence to such an extent that business activity had since slowed noticeably.

These opinions are supported by business confidence which generally decreased through 2010, but recovered slightly towards the end of the year and in early 2011. However, business confidence and firms' own activity outlook plunged after the 22 February earthquake in the National Bank Business Outlook survey.

The retail and tourism sectors were particularly mentioned as being 'weak'. In contrast, exporters are doing well, particularly commodity exporters, but also some non-commodity and manufacturing exporters. The notable exception to this is the wine industry. The NZD is still seen as frustratingly high and volatile, although the NZD/AUD cross rate being at a 19-year low is a positive.

We received some encouraging reports of some large investment projects about to be undertaken but, apart from those few examples, firms talked only of necessary replacement, with few major investment projects in the pipeline.

Credit availability has improved since the last round of business talks. Banks are more willing to lend than six months ago, albeit with stricter conditions around the lending than was the case prior to the global financial crisis. It is more usual now for lending decisions to be made at head office rather than at the local level.

Labour market conditions static

Employment levels could best be described as static. Earthquake-induced layoffs aside, there were some firms planning to increase the size of their workforce, some looking to downsize a little, but most are planning to maintain headcounts at current levels. In some cases, suitably skilled workers are still hard to find but, in general, firms are getting a good range of suitably-qualified people applying for vacancies. In terms of wage and salary increases, most employers were talking about small increases, typically in the 2-3% range.

Profitability low, but growing

Profits are below expectations, but there has been some small profit growth in the past year. Anecdotes suggest smaller businesses may have enjoyed stronger profit growth than the larger ones. On the other hand, recent Balance of Payments data indicate that foreign-owned businesses recorded strong profit growth in the December 2010 quarter.

Canterbury earthquakes' impact

Below is a selection of comments from the businesses we visited.

- Small businesses have suffered more than large ones.
- There was a small immediate drop in inbound tourists into New Zealand in total. Of more concern, forward bookings have dropped off sharply.
- There is likely to be an immediate surge in the demand for, and the construction of, temporary housing. This will also boost demand for mobile accommodation.
- A lack of skilled labour, especially in the Canterbury region, will be a constraint on reconstruction. Nevertheless, the scope of the work is enormous, with residential repair and reconstruction being the immediate priority. Commercial reconstruction will follow later once the bulk of the residential work is completed.

Summary

These business talks were clearly less positive than our last talks in September 2010. Earthquake effects had a large influence on the sentiment of the firms that we visited. Reports from other sources had been more positive in early 2011.

Special Topic 2: Economic impact of Japanese earthquake

A magnitude 9.0 earthquake occurred off the north-east coast of Japan on 11 March 2011 and the subsequent tsunami caused widespread damage to the Tohoku region. In terms of the cost of the damage (but not in terms of lives lost), it may be the greatest natural disaster ever. This special topic looks at the economic impacts of the earthquake on Japan and New Zealand.

Earthquake will reduce Japan's output …

Estimates of the damage resulting from the earthquake and tsunami range as high as JPY25 trillion (USD300 billion), equivalent to 5% of Japan's annual GDP. This is more than double the damage caused by the 1995 Kobe earthquake (the previous largest natural disaster) and around 25 times greater than the cumulative damage caused by the 4 September and 22 February Christchurch earthquakes, but their costs amounted to around 8% of New Zealand's annual output. The earthquake is estimated to reduce Japan's GDP growth by half a percent in 2011 (to around 1%), with a similar-sized rebound in 2012 as the reconstruction gets underway.

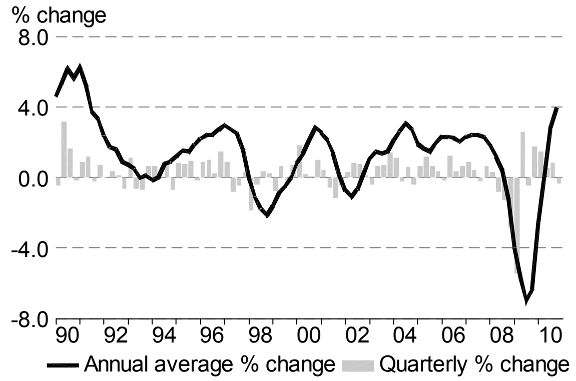
The relatively fast rebound in growth is based on the recovery from the Kobe earthquake in 1995, but the impact this time may be more long-lasting as around 6% of Japan's power generation has been destroyed. Manufacturing output is likely to be curtailed until this capacity is restored, but spare capacity in the Japanese economy as a whole may speed the recovery. Continuing fears of contamination from the damaged nuclear power plants may slow the clean-up and recovery.

… but only a small impact on global growth

The slowing in Japan's economy will not have a marked impact on world growth, even though Japan is the third largest economy (recently overtaken by China) and accounts for about 9% of world output. Growth has averaged only 1% p.a. since the early 1990s and so Japan has not been a major driver of world growth (Figure 6).

The earthquake may, however, bring some disruption to production in other Asian economies which have supply-chain links to Japan for the electronic components produced in the Tohoku region. Korea and Taiwan are most likely to be affected in the near term, but will recover as supplies are restored. The recovery phase may bring increased demand for industrial raw materials from ASEAN economies, e.g. timber, oil and gas from Malaysia and Indonesia.

Figure 6 – Japan's economic growth



Source: DataStream

Main impact on New Zealand via trade

The main impact of the earthquake on the New Zealand economy is also likely to come through merchandise trade. Japan is our fourth-largest trading partner, accounting for 8% of exports and 7% of imports in 2010. Exports are dominated by a small number of commodities: aluminium (19%), forestry (13%), horticultural products (12%), dairy products (11%) and meat (9%). The main item imported is new and used vehicles. Japan is also our fifth largest source market for short-term visitors for tourism and international education.

Trade flows are likely to be disrupted in the short term and there may be increased demand for food as fears of nuclear contamination remain high. As the rebuilding phase gets underway, demand for aluminium and forestry products is likely to increase. A reduced supply of new vehicles and parts from Japan is expected as carmakers have reduced production and there may be fewer second-hand cars available for export. Visitor arrivals are also expected to decline, with our own earthquakes contributing to the fall-off as well.

Australia is likely to benefit from the rebuild, despite the risk of short-term disruption to trade. Japan is Australia's second largest export market, with a 20% share, nearly 90% of which is commodities. As the reconstruction gets underway, there is likely to be increased demand for Australian mineral resources. This will be of indirect benefit to the New Zealand economy, given that Australia is our major export market.

Other economic impacts of the earthquake

Reconstruction will impose a further burden on the Japanese government which already has gross debt of 185% of GDP, possibly increasing the focus on heavily-indebted governments, although most of Japan's debt is funded domestically. The

Bank of Japan's policy rate is 0.1% so no further reductions are possible. The additional demand for capital for the reconstruction may push up long-term government bond rates internationally, especially for countries such as New Zealand which have a significant amount of bonds held by Japanese investors.

The loss of nuclear power generation in Japan and possible reduction in capacity elsewhere (as old plant is retired and new sites are delayed) are likely to increase the demand for fossil fuels. This comes at a time of already elevated oil prices as a result of rapid demand growth and reduced spare capacity, as well as geopolitical tensions in the Middle East and North Africa.

Higher oil prices would in turn lead to higher food prices as oil and related products (e.g. fertiliser) are inputs to agricultural production; higher oil prices might also lead to increased demand for grains for ethanol production, raising agricultural commodity prices generally. Depending on the relative price changes, this effect could be positive for New Zealand as the increase in agricultural commodity prices could outweigh the rise in oil prices in our terms of trade, given that agricultural commodities dominate our merchandise exports.

Monthly Economic Indicators is a regular report prepared by the Macroeconomic Forecasting and Analysis section of the Treasury.

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New Zealand Key Economic Data

1April 2011

Quarterly Indicators

		2009Q3	2009Q4	2010Q1	2010Q2	2010Q3	2010Q4	2011Q1
Gross Domestic Product (GDP)								
Real production GDP	qtr % chg[1]	0.2	0.9	0.7	0.1	-0.2	0.2	...
	ann ave % chg	-2.8	-2.1	-0.7	0.4	1.3	1.5	...
Real private consumption	qtr % chg[1]	0.8	1.0	0.5	0.2	0.4	0.2	...
	ann ave % chg	-1.3	-0.7	0.4	1.4	1.9	2.0	...
Real public consumption	qtr % chg[1]	0.3	0.6	1.6	0.4	-0.8	1.2	...
	ann ave % chg	1.9	0.6	0.2	1.1	1.5	2.3	...
Real residential investment	qtr % chg[1]	-3.4	5.8	-0.3	10.5	-7.5	-7.2	...
	ann ave % chg	-24.8	-18.1	-13.0	-4.3	3.5	2.8	...
Real non-residential investment	qtr % chg[1]	-3.4	-1.1	0.1	4.4	0.3	8.3	...
	ann ave % chg	-6.1	-8.1	-8.3	-7.1	-3.8	2.2	...
Export volumes	qtr % chg[1]	1.1	-0.6	1.3	0.4	-0.9	2.1	...
	ann ave % chg	-1.7	1.7	4.6	4.7	3.7	3.0	...
Import volumes	qtr % chg[1]	1.2	4.7	2.5	0.4	3.4	6.6	...
	ann ave % chg	-16.1	-14.6	-9.4	-1.8	5.6	10.2	...
Nominal GDP - expenditure basis	ann ave % chg	0.8	0.7	1.1	2.0	3.1	4.8	...
Real GDP per capita	ann ave % chg	-3.8	-3.1	-1.9	-0.8	0.1	0.3	...
Real Gross National Disposable Income	ann ave % chg	-1.8	-1.5	0.4	0.8	2.8	4.6	...
External Trade								
Current account balance (annual)	NZ$ millions	-5946	-5204	-4458	-5707	-4189	-4381	...
	% of GDP	-3.2	-2.8	-2.4	-3.0	-2.2	-2.3	...
Income balance (annual)	NZ$ millions	-8059	-7930	-7627	-9026	-10692	-10588	...
Merchandise terms of trade	qtr % chg	-1.6	5.8	6.1	2.0	3.0	0.6	...
	ann % chg	-14.1	-8.2	0.1	12.7	17.9	12.2	...
Prices								
CPI inflation	qtr % chg	1.3	-0.2	0.4	0.2	1.1	2.3	...
	ann % chg	1.7	2.0	2.0	1.7	1.5	4.0	...
Tradable inflation	ann % chg	-0.1	1.5	2.0	1.0	0.3	3.3	...
Non-tradable inflation	ann % chg	3.0	2.3	2.1	2.2	2.5	4.6	...
GDP deflator	ann % chg	0.9	-1.5	0.1	1.6	2.5	5.3	...
Consumption deflator	ann % chg	1.9	1.2	0.8	0.7	1.1	3.0	...
Labour Market								
Employment (HLFS)	qtr % chg[1]	-0.8	0.1	1.0	-0.3	1.1	-0.5	...
	ann % chg[1]	-1.8	-2.4	-0.1	0.0	1.9	1.3	...
Unemployment rate	%[1]	6.5	7.0	6.0	6.9	6.4	6.8	...
Participation rate	%[1]	68.0	68.1	68.1	68.1	68.3	67.9	...
LCI salary & wage rates - total (adjusted)[5]	qtr % chg	0.5	0.4	0.3	0.4	0.5	0.5	...
	ann % chg	2.1	1.8	1.5	1.6	1.6	1.7	...
QES average hourly earnings - total[5]	qtr % chg	0.9	-0.2	-0.4	0.7	1.0	0.5	...
	ann % chg	4.0	2.8	1.0	1.0	1.1	1.8	...
Labour productivity[6]	ann ave % chg	-1.1	0.0	2.0	1.9	1.3	0.0	...
Retail Sales								
Core retail sales volume	qtr % chg[1]	1.1	0.8	0.3	0.2	0.0	0.0	...
	ann % chg	0.6	2.2	3.0	2.6	1.5	0.3	...
Total retail sales volume	qtr % chg[1]	1.1	1.2	0.4	0.6	-0.4	-0.4	...
	ann % chg	-1.4	0.4	3.2	3.4	1.9	-0.1	...
Confidence Indicators/Surveys								
WMM - consumer confidence[3]	Index	120	117	115	119	114	108	98
QSBO - general business situation[4]	net %	35.6	30.7	21.9	17.5	6.4	8.1	...
QSBO - own activity outlook[4]	net %	23.0	10.8	14.5	11.3	9.5	11.4	...

Monthly Indicators

		2010M 9	2010M10	2010M11	2010M12	2011M 1	2011M 2	2011M 3
External Sector								
Merchandise trade - exports	mth % chg[1]	-1.9	4.6	0.5	-1.6	2.6	5.0	...
	ann % chg[1]	13.0	24.2	19.5	12.1	4.3	16.6	...
Merchandise trade - imports	mth % chg[1]	2.6	0.0	4.2	5.6	-1.3	6.6	...
	ann % chg[1]	6.8	13.3	15.2	16.7	15.4	22.5	...
Merchandise trade balance (12 month total)	NZ$ million	978	1259	1363	1166	893	759	...
Visitor arrivals	number[1]	212220	210170	212060	214970	219180	...	...
Visitor departures	number[1]	210530	213330	211710	211610	220230	...	...
Housing								
Dwelling consents - residential	mth % chg[1]	0.9	-1.9	8.0	-18.4	9.1	-9.7	...
	ann % chg[1]	-9.5	-17.4	-9.1	-26.5	-14.8	-28.9	...
House sales - dwellings	mth % chg[1]	-5.8	-9.8	19.9	3.8	-7.0	2.7	...
	ann % chg[1]	-33.3	-36.0	-14.9	-11.5	-10.0	-10.1	...
REINZ - house price index	mth % chg	-0.3	-0.9	1.9	-0.6	-2.6	2.3	...
	ann % chg	-1.3	-3.5	-1.9	-1.6	-2.6	-0.7	...
Private Consumption								
Electronic card transactions - total retail	mth % chg[1]	2.3	0.8	1.0	-0.8	2.4	-0.2	...
	ann % chg	5.0	4.8	6.3	4.4	5.7	6.2	...
New car registrations	mth % chg[1]	2.6	-3.8	13.5	-8.6	0.8	-1.0	...
	ann % chg	19.2	9.4	23.5	6.4	6.8	2.8	...
Migration								
Permanent & long-term arrivals	number[1]	7200	7210	7010	6900	7010	...	...
Permanent & long-term departures	number[1]	6190	6700	6410	6180	6560	...	...
Net PLT migration (12 month total)	number	13914	12610	11519	10451	8689	...	...
Commodity Prices								
Brent oil price	US$/Barrel	77.94	83.34	85.80	91.96	96.95	104.24	*114.83*
WTI oil price	US$/Barrel	75.27	81.90	84.15	89.37	89.52	89.41	*102.76*
ANZ NZ commodity price index	mth % chg	1.1	0.8	1.3	4.5	2.3	2.9	...
	ann % chg	26.9	28.2	15.7	16.1	20.4	15.3	...
ANZ world commodity price index	mth % chg	2.8	3.5	4.5	2.0	3.8	2.7	...
	ann % chg	32.9	31.4	23.7	23.0	27.2	25.9	...
Financial Markets								
NZD/USD	$[2]	0.7259	0.7501	0.7727	0.7504	0.7653	0.7623	*0.7408*
NZD/AUD	$[2]	0.7766	0.7647	0.7805	0.7573	0.7692	0.7565	*0.7333*
Trade weighted index (TWI)	June 1979 = 100[2]	66.80	66.70	68.90	67.80	68.70	67.80	*65.22*
Official cash rate (OCR)	%	3.00	3.00	3.00	3.00	3.00	3.00	2.50
90 day bank bill rate	%[2]	3.18	3.18	3.17	3.17	3.19	3.13	*2.69*
10 year govt bond rate	%[2]	5.28	5.09	5.49	5.82	5.61	5.56	*5.58*
Confidence Indicators/Surveys								
National Bank - business confidence	net %	13.5	23.7	33.2	29.5	36.3	34.5	-8.7
National Bank - activity outlook	net %	26.7	30.5	35.3	34.5	38.0	36.6	14.7
ANZ-Roy Morgan - consumer confidence	net %	116.4	113.6	114.5	112.2	117.1	108.1	101.4

qtr % chg	quarterly percent change	1	Seasonally adjusted
mth % chg	monthly percent change	2	Average (11am)
ann % chg	annual percent change	3	Westpac McDermott Miller
ann ave % chg	annual average percent change	4	Quarterly Survey of Business Opinion
		5	Ordinary time
		6	Production GDP divided by HLFS hours worked

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