Monthly Economic Indicators

THE TREASURY
Kaitohutohu Kaupapa Rawa

September 2011

Executive Summary

- **Greater strength in domestic demand contributed to stronger GDP growth over the first half of 2011 than forecast in the Budget**
- **Historical measures of external indebtedness have overstated vulnerability**
- **Global sentiment becoming increasingly downbeat, posing risks to New Zealand's outlook**

Despite a fairly flat outturn in the June quarter, real GDP growth over the first half of 2011 has been stronger than anticipated, boosted by stronger domestic demand as consumers have proven more resilient. The February earthquake had less of a negative impact on March quarter GDP than we had estimated but there was a degree of payback that flowed into the June quarter contributing to the volatility in the quarterly outturns. The level of nominal GDP for the first half of 2011 was in line with forecast.

Improvements to official statistics show that New Zealand's level of net international indebtedness has not been as severe as previously thought. New Zealand's net liability position is now reported as around 70% of GDP. The peak in the net liability position is now thought to have been around 85% of GDP compared to earlier estimates closer to 95%. The latest measures still show that net liabilities increased over most of the 2000s but the more accurate picture that emerges further distinguishes New Zealand from countries facing substantially larger economic and fiscal problems. This is a welcome development given the increased focus that may be placed on vulnerabilities in light of the deteriorating global outlook.

The outlook for the global economy deteriorated in September as concerns around Greece being unable to meet its debt obligations increased and risk aversion reigned in financial markets. The actions of policy makers have been insufficient to quell fears about the euro area and US growth. Extensions to the European Financial Stability Facility have been proposed but are yet to be ratified by all members; the European Central Bank has continued to purchase Italian and Spanish bonds in an attempt to keep funding costs down; and the US Federal Reserve has enacted "Operation Twist" aimed at changing the composition of its balance sheet to reduce longer dated borrowing rates. Both Consensus and IMF growth forecasts have been revised down with the IMF also developing a downside scenario.

The impact on New Zealand of the deterioration in the global outlook has been relatively mild so far, with indicative bank funding costs increasing and demand for New Zealand government bonds weak earlier in September before returning later in the month. Should conditions deteriorate further, New Zealand's banks are better placed to withstand issues in global financial markets than they were prior to the global financial crisis. While the global environment increases risks associated with the economic outlook, we expect the New Zealand economy to remain supported by an elevated terms of trade as well as domestic factors including the Canterbury rebuild. Our exposure to Australia and Asian economies is also a relative positive.

Global weakness is yet to show any significant impact on confidence with consumers remaining relatively upbeat. We conducted our business talks ahead of the Pre-election Update in early September and while fortunes vary by sector, business conditions have generally improved since our previous round of interviews in March. This month's special topic outlines the key messages from these talks.

New Zealand Government

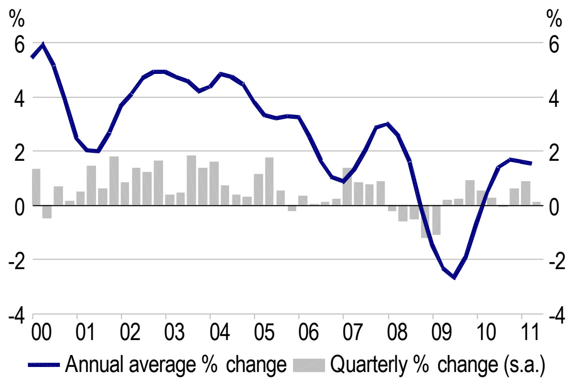
Analysis

The June quarter GDP release was the last major piece of data to be incorporated in the economic forecasts that will be released as part of the Pre-election Economic and Fiscal Update. The GDP data allows an assessment of how the economy fared in the first half of the year and consequently the footing on which it will face the increasingly uncertain global outlook.

While June quarter GDP growth was below expectations…

Real GDP was fairly flat during the June quarter, recording only a slight 0.1% increase on its March quarter level (Figure 1). This was below the market expectation of 0.5% growth, although there was a wide range of views. However, revisions to some previous quarters meant that annual average growth was equal to the market and our latest pick of 1.5%. On a per person basis, annual average growth in GDP has been close to 0.5% since the end of 2010 – modest by historical standards but a significant improvement on the 3% falls that were recorded over much of 2009 reflecting the impact of the global financial crisis.

Figure 1 – Real GDP growth



Source: Statistics New Zealand

Across industries the picture was mixed. There was a large increase in agricultural production boosting primary sector output. Services also increased while manufacturing output fell back slightly following strong growth over the previous couple of quarters. Another large fall in residential investment (discussed below) contributed to construction activity falling to a nine year low.

Growth in the expenditure measure of GDP was driven by private consumption and business investment. Government consumption eased slightly following growth in earlier quarters caused by expenditure following the earthquakes and one-offs related to the planned Census and Auckland Super City. Residential investment fell even further to an 18-year low and is 47% below its June 2004 peak and 42% below the average level that prevailed over 2007.

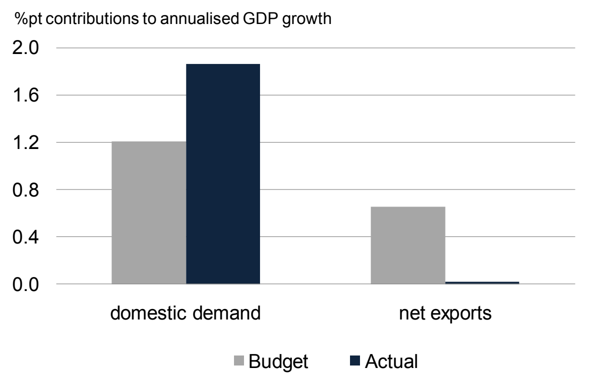
Exports fell 0.5% driven by a 5.8% decline in services exports owing to decreased travel services exports. Tourism was very weak reflecting natural disasters here and abroad, the high exchange rate and softer global growth. There was also an element of payback as the previous quarter did not fully pick up the weakness in visitor arrivals following the 22 February earthquake. Goods and services imports volumes rose 1.7%, boosted by a 13% rise in intermediate goods, which included Orion aircraft parts.

The February earthquake had less of a negative impact on March quarter GDP than we had estimated but, as noted above, there was a degree of payback that flowed into the June quarter. Given this, it is more appropriate to focus on the first half of the year as a whole rather than focusing on the more volatile quarterly figures. Excluding travel services exports from GDP, a component adversely affected by natural disasters and timing issues, results in quarterly growth of 0.3% in the March quarter and 0.4% in June. This is probably a better characterisation of the overall performance of the economy – one of a continuing but modest recovery – than the headline expenditure GDP growth figures of 0.5% and 0.1% respectively.

… strength in domestic demand has meant the economy has proved stronger than expected over the first half of 2011

Developments in the domestic economy over the first half of the year have proved stronger than was anticipated at Budget (Figure 2). Consumers have been more resilient than was predicted with real private consumption increasing 0.3% in the June quarter following a 0.5% increase in March. This, combined with private consumption growth in the December 2010 quarter being revised up, has been the main contributor to domestic demand growth proving stronger than anticipated. Investment growth in the first half of the year was broadly in line with forecast.

Figure 2 – Components of first half growth 2011



Sources: Statistics New Zealand, the Treasury

Both export and import volumes grew more strongly than forecast in the first half of 2011, but the difference between actual and forecast was larger for imports, contributing to the near zero contribution from net exports. The stronger growth in domestic demand contributed to the higher imports and less balanced growth profile (Figure 2).

On the same basis as the GDP data, the merchandise terms of trade increased sharply in the June quarter owing to a very large increase in dairy prices. On this basis the terms of trade sits marginally below the level predicted in the Budget forecasts. Similarly, the level of nominal GDP over the first half of 2011 was in line with the Budget forecasts, a pleasing result from a forecasting perspective given the volatility that has arisen from the Canterbury earthquakes and other shocks.

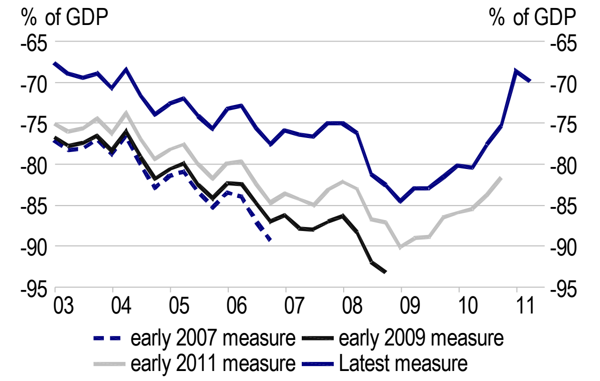
Clearly the New Zealand outlook is subject to considerable risks and includes areas of vulnerability

Given the downbeat global outlook, increased focus can go on the risks and vulnerabilities of individual economies, with large swings in sentiment possible. New Zealand's level of international indebtedness has been noted as one such vulnerability and makes access to global financial flows crucial. This was a factor in the decisions by Fitch and Standard and Poor's to downgrade New Zealand's sovereign credit rating to AA from AA+.

Statistical improvements suggest that some of these vulnerabilities have been overstated

New Zealand has a net liability position that is relatively high by international standards. However, improvements to official statistics show that the level of net indebtedness has not been as severe as previously thought (Figure 3). The changes relate to both revisions to GDP data and changes to the measurement of New Zealand's international assets and liabilities.

Figure 3 – The evolution of NZ's net external position

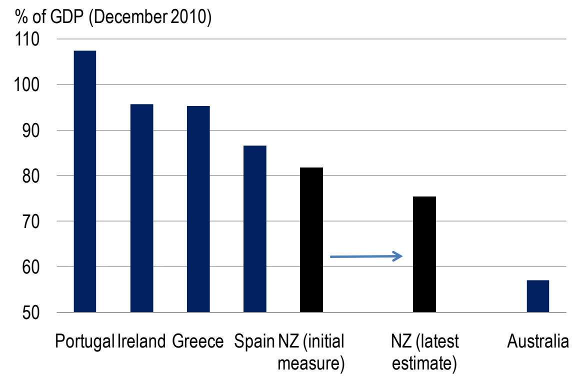


Sources: Statistics New Zealand, the Treasury

New Zealand's net liability position is now estimated to be around 70% of GDP. It would be around 76% of GDP if assets associated with claims from the Christchurch earthquakes were excluded. Nevertheless this is a significant improvement from what was estimated only two years ago, when net liabilities were approaching 95% of GDP.

The most recent improvements include the incorporation of assets held abroad by smaller-sized fund managers (larger fund managers were already captured), improved coverage of New Zealand-owned share holdings in Australian companies, and including the outstanding student loan balances of overseas-based borrowers.

Figure 4 – Net international liabilities

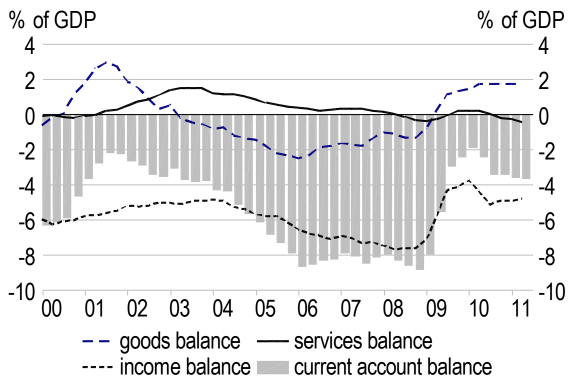


Sources: Haver Analytics, Statistics New Zealand, the Treasury

The data improvements need to be kept in perspective given that the downward trend in New Zealand's net external position that was apparent over the 2000s remains. It is also true that the actual level of assets under New Zealand's control has not changed as these assets always existed, they were just not measured. The data improvements relate to the asset side of the ledger and therefore did not change the liability side, hence the need to access global financial markets to refinance debt remains a source of vulnerability. However, the more accurate picture that does emerge further serves to distinguish New Zealand from countries facing substantially larger economic and fiscal problems (Figure 4).

New Zealand ran a current account deficit of 3.7% of GDP in the year to June 2011, similar to the March annual deficit of 3.6% which was revised down from 4.2% (Figure 5). The annual goods balance recorded a surplus of 1.7% of GDP with the terms of trade likely to support continued surpluses for the next couple of years. Weak services exports have contributed to a small services deficit, although the boost to tourism from the Rugby World Cup is anticipated to contribute to a temporary return to broad balance.

Figure 5 – Annual current account deficit



Source: Statistics New Zealand

Global sentiment is rightly downbeat

The outlook for the world economy deteriorated in September as the euro debt crisis intensified and the outlook for the US economy weakened.

Greek concerns hamper euro area

Concerns about Greece meeting the benchmarks required to continue disbursements under its support program have increased. In the absence of receiving the support funds Greece is unlikely to be able to meet its current debt obligations. As a result Greek bond yields surged to record levels. In response, the Greek government announced a new property tax and significant cuts to the public sector.

Political leaders in the euro area and elsewhere have attempted to quell market fears, saying they stand behind Greece. Extensions to the European Financial Stability Facility have been announced but are yet to be ratified, with the legislation having to be passed by all 17 member parliaments. In the meantime, the ECB has continued to buy Italian and Spanish bonds in an attempt to keep yields down.

The main concerns arising from any Greek default are the impact on the banks which hold the debt and the risk of contagion to other heavily-indebted euro area countries. A Greek default would require a recapitalisation of European banks, and might also lead to increased pressure on other euro area economies, including Italy and Spain.

Operation Twist enacted…

In response to the continued weak data out of the US, especially labour market outturns, the Federal Reserve enacted “Operation Twist”. This involves the Federal Reserve selling short-term securities and purchasing longer-term government bonds. The aim is to lower borrowing costs for corporations and mortgage holders, which typically operate on longer-term loans. Operation Twist is different from quantitative easing, which involves an outright expansion in the Federal Reserve’s balance sheet, whereas the most recent intervention changes the composition of the balance sheet, but not the size.

… but expected to have limited impact on growth

After the announcement 10- and 30-year yields fell, and the shorter-term yields moved higher as desired. However, given 10-year yields were already at record lows before the move, analysts have questioned the impact the move will actually have on growth.

International growth forecasts continue to be revised lower

As the euro debt crisis intensified and the US economy has failed to show momentum, forecasts for global growth have been increasingly revised lower. At this stage, few forecasters are picking a double-dip recession, but the risks are certainly skewed to the downside.

Consensus forecasts have been consistently revised lower for New Zealand’s trading partner growth (TPG) over the course of this year. Compared with January, September Consensus has New Zealand’s TPG 0.8% points lower for 2011 at 3.0% and 0.3% points lower for 2012 at

3.9%. Revisions have been broad-based, but most recently downgrades have been in emerging Asia and the euro area.

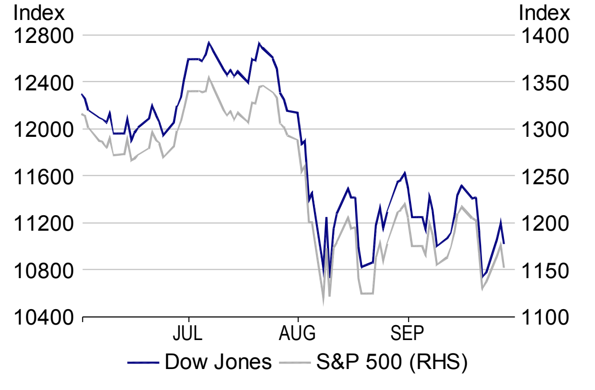
The IMF released their World Economic Outlook in September. At an aggregate level their forecasts of 3.1% for New Zealand's TPG over 2011 (down from 3.9% in its April Outlook) and 3.8% for 2012 (down from 4.2%) are similar to Consensus. The Budget forecasts were for TPG of 3.7% in 2011 and 4.4% in 2012. The tone of the IMF release was perhaps more downbeat than the underlying projections, with the IMF highlighting a significant downside scenario, where the US and euro area enter a double-dip recession.

Data during the month, particularly in the US and euro area, was weak overall. The US unemployment rate remained unchanged at 9.1%, with no jobs added in August. Indicators point to a slowing in industrial production growth, although it was positive in August. Euro area data fared little better, with its manufacturing PMI falling further into contractionary territory.

Growth concerns cause markets to slump further

The weaker growth expectations and uncertainty surrounding the euro area saw heightened levels of risk aversion in markets during the month. Global equities fell significantly before staging a degree of recovery later in the month (Figure 6). Risk currencies such as the NZD and AUD depreciated as investors switched to the relative safe-haven USD.

Figure 6 – US share indices



Source: Datastream

A weaker global outlook will influence New Zealand via several channels, although the impact on New Zealand has been mild so far…

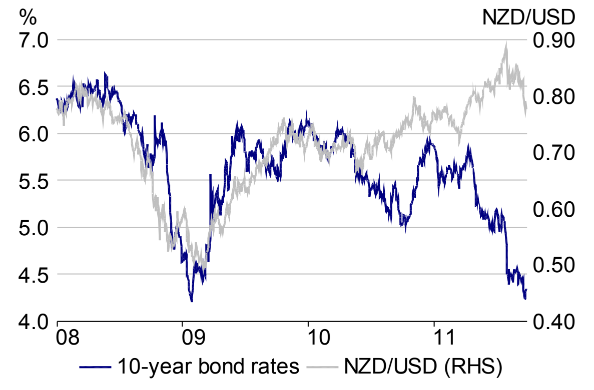
Slowing global growth and continued euro area ructions would affect New Zealand through three main channels: the credit channel (funding costs and credit availability), demand for exports, and confidence. These effects have been limited so far, but they could worsen quickly if euro sovereign debt issues spread more widely.

So far, indicative bank funding costs have increased as international financial institutions grow more nervous of lending to one another. At this stage the actual effects of this have been limited, as local banks are well funded and have not had to issue long-term debt recently. However, if costs remain elevated for a significant period of time, they could be passed through to interest rates in New Zealand, effectively tightening monetary conditions.

Overall, banks are better placed to withstand issues in global financial markets than they were prior to the global financial crisis. This is the result of greater emphasis on stable sources of funding, including the Reserve Bank's new liquidity policy. New Zealand bank funding ratios are currently comfortably above regulated targets. The Reserve Bank also has the ability to re-implement liquidity measures which were introduced during the height of the global financial crisis if conditions were to deteriorate significantly.

Demand for New Zealand government bonds had been weak in the early in the month, consistent with the large amount of volatility seen in global markets (although yields on secondary markets fell in line with international rates). More recently, bond demand has returned to more normal levels, with yields significantly lower than in the past; 10-year rates were at 4.3% near the end of September (Figure 7).

Figure 7 – NZD/USD and NZ 10-year bond rates



Sources: RBNZ, Datastream

… but has potential to worsen…

The impact on demand for New Zealand's exports has been limited so far. World prices for the commodities New Zealand exports have eased from their levels earlier in the year. The declines have been relatively modest with the ANZ world price commodity index down 3% in August from its May peak. Dairy prices have fallen around 10% from their March peak but still remain about 9% higher than the average level that prevailed over 2010. Global dairy trade prices in September were down about 1.5% from their levels that prevailed in September 2010. This series displays greater volatility with prices down about 24% from their early March spike. Lower prices in part reflect a degree of bounce back from constrained global supply.

… although we expect the terms of trade to remain elevated

Looking ahead at the impact of such developments on New Zealand's merchandise terms of trade, it is our view that the terms of trade will peak in the second half of 2011 before showing relatively modest falls into 2012. This profile reflects lags from spot prices to export prices but also an expectation that emerging market demand will help maintain prices despite concerns around global growth.

Exposure to Australia and Asia a benefit

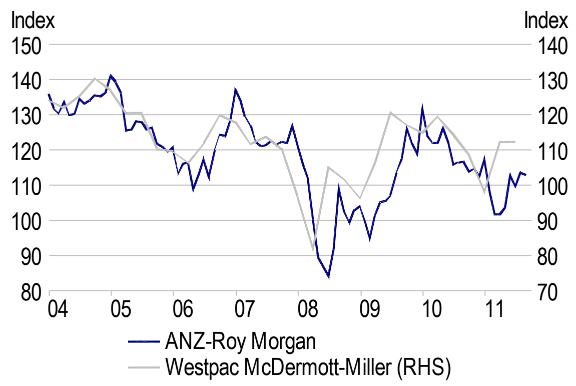
New Zealand is in a relatively good position being more dependent upon Australia and Asia for trade. As long as strong demand continues out of China, Australia should remain somewhat resilient. This will limit the impact on many exporters, but those with exposure to North America and Europe are unlikely to escape unscathed.

Emerging market demand is also likely to see the terms of trade remain elevated over the medium term. There is of course the risk that global conditions could have a greater than anticipated negative impact on the price of New Zealand's exports flowing through to a lower terms of trade. However, this is likely to be moderated somewhat via lower demand flowing through to the prices New Zealand pays for its imports. Exporters would also be likely to receive some offset from a lower dollar if risk aversion increases or there are signs of slowing in the New Zealand economy.

Global events yet to really impact on confidence

The final channel through which global weakness could impact on New Zealand is confidence. Confidence measures have held up recently, despite the global turmoil (Figure 8). This could be in part due to the Rugby World Cup and expectations of the Canterbury rebuild. If confidence were to drop, consumer spending, and thus investment, could be negatively affected, hurting the momentum in domestic demand that supported growth in the first half of the year.

Figure 8 – Consumer confidence



Sources: ANZ, Westpac

Electronic card transactions did show some minor easing in spending in August, although these figures were adversely affected by the snowfalls that affected the country.

Pre-election forecasts to balance greater momentum in the domestic economy with global uncertainties

The Pre-election Update forecasts will be released in the second half of October. It is important to emphasise that the weaker global environment will not be the only factor influencing the forecasts. These forecasts will need to balance the partially offsetting factors of stronger momentum in domestic demand, the weaker global outlook, and what looks like a larger but delayed Canterbury rebuild. The challenges faced by the New Zealand economy are not as severe as those faced by a number of other economies, although risks around the outlook remain heightened.

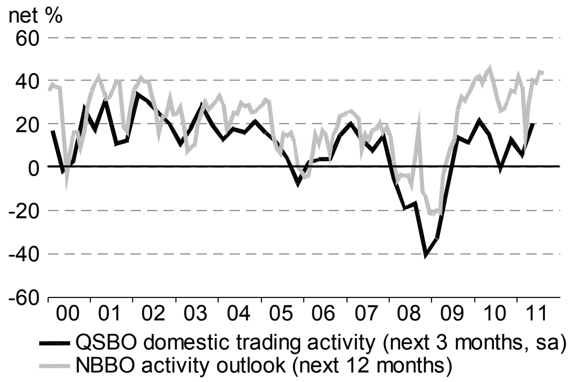
Special Topic: What businesses are telling us

In preparation for the pre-election economic and fiscal forecasts, Treasury staff conducted around 45 interviews with businesses and business organisations in Auckland, Wellington and Christchurch in mid September to gain an insight into current and prospective economic conditions.

General business conditions picking up

Trading conditions have generally improved since our previous round of interviews in March which were conducted soon after the devastating Christchurch earthquake. Most businesses were making a profit but had to work harder to do so. The pick-up is consistent with the recovery in businesses' expectations for their own activity immediately after the earthquake (Figure 9).[1]

Figure 9 – Firms' own activity outlook



Source: NZIER

Fortunes vary by sector but positive overall

Prospects in the primary sector are positive, with high returns for dairy, meat and wool and a promising start to the season. Agricultural output was up 9.0% in the June quarter from a year ago. Forestry is still doing well, although log export volumes and prices are down a little but still relatively high. Annual growth in the value of log and timber exports has slowed from around 40% earlier in the year to less than 10% in August.

The performance of manufacturing exporters reflected their products and markets: those dependent on housing markets were not doing as well as those in niche products; firms involved in services exports apart from tourism (e.g. design, marketing, branding and innovation) were prospering. The high value of the NZ dollar was a concern for some, but generally not for those exporting to Australia. Manufacturing output levelled off in the June quarter after two quarters of rapid growth, up 5.7% from a year ago.

The construction sector is in a holding pattern, waiting for the earthquake rebuild in Canterbury. Construction activity was down 10% from a year ago in the June quarter on GDP figures. Transport firms are returning to profitability after some lean years and making fresh investment.

Retail sector fortunes were mixed, with some regional variation (stronger in the upper North Island). Many retailers are enhancing their on-line presence in response to changing consumer behaviour. Sales of durable goods were up, with strong replacement sales in Christchurch and higher volumes supported by price discounting thanks to the high NZ dollar. Electronic card transactions for core retail sales (ex auto stores) were up 7.2% by value in August from a year ago, including the GST rise.

Some retailers reported lower sales as increased saving - including in KiwiSaver - contributed to lower spending. The Rugby World Cup (RWC) is generating a "feel-good" factor and a positive effect on retail sales. Although consumer confidence has recovered from earlier in the year, it is not back up to its previous level and consumers remain cautious.

Apart from the RWC, tourism has been weak as our traditional markets (apart from Asia and Australia) are experiencing slow growth and the high NZ dollar is curtailing spending and leading to heavy discounting. The earthquakes, Chilean ash cloud and a poor ski season have not helped, especially in the South Island. There has also been some displacement of other visitors by the RWC. Total guest nights in July were up only 2.0% from a year ago, with domestic guests up 8.5% and international guests down 8.9%.

Modest profit growth expected …

Many firms reported that margins are reducing as input prices rise as a result of higher Chinese inflation and global commodity prices. Despite this, firms expected modest profit growth thanks to tight cost control. Many firms reviewed their operations as a result of the 2008-2009 recession

[1] September month and quarter business surveys were due to be released soon after we finalised this text and may reflect greater concern at global developments.

and are now well-positioned to take advantage of growth opportunities. This applies more to larger corporates than to smaller firms.

… but muted investment intentions

The outlook for investment was muted in the absence of stronger growth prospects. Demand is a greater constraint on credit growth than supply. There were reports of substantial investment in the primary, energy and infrastructure sectors, and in R&D and IT. Non-residential investment was up 9.1% in the June quarter 2011 from a year ago.

Employment was generally steady with plans to expand as business grows. Employment increased 2.0% in the June quarter from a year ago, according to the Household Labour Force Survey, half of which was in self-employment. There were concerns about shortages of highly-skilled staff. Wage settlements have generally been close to the rate of inflation less the increase in GST, but in a wide range of 0-5%. Average hourly earnings increased 3.2% in the June quarter from a year ago.

Tax revenue to grow with profit recovery

Accounting firms expect to see an increase in provisional tax payments in the current fiscal year in line with profit growth. This was supported by firms' own profit expectations. Tax refunds are expected to remain at their 2010/11 level which was down 50% on the previous year. More company income tax refunds were made as firms overpaid tax going into the 2008–2009 recession, but now they are taking care to pay the correct amount of tax.

Earthquake impact and recovery

The impact of the Christchurch earthquakes was felt chiefly by central city retail, accommodation and tourism businesses. Despite some temporary disruption, activity seems to have carried on much as usual as many firms relocated. Some substitution of activity occurred between firms, especially in retail, creating winners and losers.

There is widespread frustration at the delay in the start of the rebuild in Christchurch which is now not expected to begin in earnest until the second half of 2012. The factors causing the delay are the continuing aftershocks, the time taken to settle insurance claims and obtain new cover, hold-ups in obtaining consents for demolition and rebuilding work, the availability of labour and equipment, access and safety issues, and land stability.

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New Zealand Key Economic Data

30 September 2011

Quarterly Indicators

		2010Q1	2010Q2	2010Q3	2010Q4	2011Q1	2011Q2	2011Q3
Gross Domestic Product (GDP)								
Real production GDP	qtr % chg[1]	0.5	0.2	-0.1	0.6	0.9	0.1	...
	ann ave % chg	-0.7	0.5	1.4	1.6	1.6	1.5	...
Real private consumption	qtr % chg[1]	0.5	0.4	0.4	0.6	0.5	0.3	...
	ann ave % chg	0.3	1.4	1.9	2.2	2.0	1.9	...
Real public consumption	qtr % chg[1]	1.8	1.2	0.1	1.3	0.5	-0.1	...
	ann ave % chg	0.2	1.3	2.2	3.4	3.8	3.2	...
Real residential investment	qtr % chg[1]	-1.8	11.6	-7.4	-6.9	-2.4	-7.2	...
	ann ave % chg	-13.0	-4.3	3.5	2.8	2.3	-6.8	...
Real non-residential investment	qtr % chg[1]	-0.2	4.1	1.2	7.7	-1.2	1.3	...
	ann ave % chg	-8.4	-7.2	-3.9	2.0	6.9	9.6	...
Export volumes	qtr % chg[1]	1.2	0.4	-1.2	2.1	0.8	-0.5	...
	ann ave % chg	4.8	4.9	3.8	2.9	1.9	1.5	...
Import volumes	qtr % chg[1]	2.6	0.7	2.7	6.8	-2.7	1.7	...
	ann ave % chg	-9.4	-1.7	5.7	10.3	10.5	10.3	...
Nominal GDP - expenditure basis	ann ave % chg	1.2	2.1	3.2	5.0	5.7	5.8	...
Real GDP per capita	ann ave % chg	-1.8	-0.8	0.1	0.4	0.5	0.5	...
Real Gross National Disposable Income	ann ave % chg	1.1	1.4	0.9	2.7	2.2	2.8	...
External Trade								
Current account balance (annual)	NZ$ millions	-3587	-4698	-6621	-6787	-7196	-7473	...
	% of GDP	-1.9	-2.5	-3.5	-3.5	-3.6	-3.7	...
Investment income balance (annual)	NZ$ millions	-6999	-8273	-9750	-9538	-9649	-9589	...
Merchandise terms of trade	qtr % chg	6.1	2.0	3.0	0.8	0.8	2.3	...
	ann % chg	0.1	12.7	17.9	12.3	6.7	7.0	...
Prices								
CPI inflation	qtr % chg	0.4	0.2	1.1	2.3	0.8	1.0	...
	ann % chg	2.0	1.7	1.5	4.0	4.5	5.3	...
Tradable inflation	ann % chg	2.0	1.0	0.3	3.3	3.7	5.5	...
Non-tradable inflation	ann % chg	2.1	2.2	2.5	4.6	5.2	5.2	...
GDP deflator	ann % chg	0.0	1.8	3.0	5.8	4.4	4.0	...
Consumption deflator	ann % chg	0.8	0.5	0.9	2.7	3.1	3.8	...
Labour Market								
Employment (HLFS)	qtr % chg[1]	0.7	-0.1	1.0	-0.3	1.3	0.0	...
	ann % chg[1]	-0.1	0.0	1.8	1.3	1.8	2.0	...
Unemployment rate	%[1]	6.1	6.9	6.4	6.7	6.5	6.5	...
Participation rate	%[1]	68.0	68.1	68.2	68.0	68.6	68.4	...
LCI salary & wage rates - total (adjusted)[5]	qtr % chg	0.3	0.4	0.5	0.5	0.4	0.5	...
	ann % chg	1.5	1.6	1.6	1.7	1.8	1.9	...
QES average hourly earnings - total[5]	qtr % chg	-0.4	0.7	1.0	0.5	0.4	1.1	...
	ann % chg	1.0	1.0	1.1	1.8	2.6	3.0	...
Labour productivity[6]	ann ave % chg	2.1	2.0	1.3	0.2	-0.4	-0.6	...
Retail Sales								
Core retail sales volume	qtr % chg[1]	0.2	0.6	-0.1	-0.1	1.0	1.0	...
	ann % chg	3.0	2.6	1.5	0.3	1.4	1.9	...
Total retail sales volume	qtr % chg[1]	0.4	0.5	-0.4	-0.5	1.1	0.9	...
	ann % chg	3.2	3.4	1.9	-0.1	0.8	1.1	...
Confidence Indicators/Surveys								
WMM - consumer confidence[3]	Index	115	119	114	108	98	112	112
QSBO - general business situation[4]	net %	21.9	17.5	6.4	8.1	-26.8	26.6	...
QSBO - own activity outlook[4]	net %	14.5	11.3	9.5	11.4	-1.6	18.5	...

Monthly Indicators

		2011M 3	2011M 4	2011M 5	2011M 6	2011M 7	2011M 8	2011M 9
External Sector								
Merchandise trade - exports	mth % chg[1]	0.3	8.1	-8.0	-0.4	-1.5	2.8	...
	ann % chg[1]	13.2	18.4	10.1	3.9	4.4	10.3	...
Merchandise trade - imports	mth % chg[1]	-1.5	-6.8	13.3	-8.3	-7.3	9.9	...
	ann % chg[1]	15.6	7.6	18.8	4.7	-3.5	14.9	...
Merchandise trade balance (12 month total)	NZ$ million	741	1238	1019	998	1295	1084	...
Visitor arrivals	number[1]	192110	207300	206980	190200	206930	223400	...
Visitor departures	number[1]	200610	201390	215560	200550	208210	208280	...
Housing								
Dwelling consents - residential	mth % chg[1]	2.6	-1.1	3.1	-1.0	13.0	...	...
	ann % chg[1]	-26.0	-32.3	-21.9	-25.4	-15.7	...	...
House sales - dwellings	mth % chg[1]	4.8	0.6	10.0	-0.8	-3.0	5.2	...
	ann % chg[1]	-4.9	-5.1	10.9	14.0	11.3	20.8	...
REINZ - house price index	mth % chg	0.5	1.1	-1.8	1.3	-0.6	0.5	...
	ann % chg	-1.8	-0.4	-0.7	0.0	0.5	0.7	...
Private Consumption								
Electronic card transactions - total retail	mth % chg[1]	1.5	1.4	-0.7	1.1	0.3	-0.7	...
	ann % chg	6.6	10.0	6.8	9.0	8.0	8.4	...
New car registrations	mth % chg[1]	-0.4	-5.5	3.5	-2.0	-1.5	7.0	...
	ann % chg	-1.0	-10.5	-3.7	-9.5	-6.0	1.9	...
Migration								
Permanent & long-term arrivals	number[1]	7080	7110	6940	6900	7380	7450	...
Permanent & long-term departures	number[1]	7590	7230	7280	7160	7530	7240	...
Net PLT migration (12 month total)	number	6554	5508	4625	3867	2867	2257	...
Commodity Prices								
Brent oil price	US$/Barrel	114.92	123.33	114.93	114.37	117.48	110.35	*112.47*
WTI oil price	US$/Barrel	102.94	110.15	101.30	96.29	97.08	86.33	*86.15*
ANZ NZ commodity price index	mth % chg	8.1	-3.9	-0.7	-3.3	-3.6	-0.1	...
	ann % chg	18.4	9.8	7.6	4.9	4.7	5.9	...
ANZ world commodity price index	mth % chg	4.7	1.6	0.4	-1.2	-0.1	-1.3	...
	ann % chg	23.5	19.8	19.6	20.6	22.3	22.1	...
Financial Markets								
NZD/USD	$[2]	0.7408	0.7859	0.7959	0.8150	0.8455	0.8384	*0.8185*
NZD/AUD	$[2]	0.7333	0.7450	0.7447	0.7686	0.7852	0.7978	*0.7946*
Trade weighted index (TWI)	June 1979 = 100[2]	65.20	68.20	68.70	70.30	72.70	72.10	*71.50*
Official cash rate (OCR)	%	2.50	2.50	2.50	2.50	2.50	2.50	2.50
90 day bank bill rate	%[2]	2.69	2.65	2.66	2.65	2.71	2.90	*2.88*
10 year govt bond rate	%[2]	5.58	5.70	5.23	5.04	5.07	4.55	*4.41*
Confidence Indicators/Surveys								
National Bank - business confidence	net %	-8.7	14.2	38.3	46.5	47.6	34.4	...
National Bank - activity outlook	net %	14.7	29.5	39.7	38.7	43.7	43.3	...
ANZ-Roy Morgan - consumer confidence	net %	101.4	101.4	103.3	112.5	109.4	113.3	112.6

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

Data in italics are provisional

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

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