Monthly Economic Indicators

THE TREASURY
Kaitohutohu Kaupapa Rawa

November 2011

Executive Summary

- **Rugby World Cup boosts growth in second half of 2011...**
- **...but international developments weaken the economic outlook for the year ending March 2013, despite the Canterbury rebuild**

The surge in overseas visitors coming for the Rugby World Cup (RWC) contributed to a large rise in September quarter retail sales and will flow through to higher exports of services in the September quarter Gross Domestic Product (GDP) and Balance of Payments (BoP) releases later in December. In other areas of the economy, indicators of third quarter activity were generally positive.

The merchandise goods terms of trade eased in the September quarter reflecting weaker export commodity prices. That weakness, however, was offset by a rise in the services terms of trade. Although world prices for New Zealand's export commodities continue to ease, the lower trade-weighted New Zealand dollar is also providing an offset. Merchandise goods export volumes also fell slightly in the quarter while import volumes rose as capital goods volumes surged 15%, which provides a solid underpinning for an expansion in quarterly business investment.

The annual current account deficit for the year ending September 2011, which will be published in the BoP data, is expected to remain around its June quarter level of 3.7% of GDP, with a narrower trade surplus offset by a smaller services deficit. Overall, we continue to expect quarterly GDP growth of just below 1% in the September quarter and, with the positive impacts of the RWC continuing into the fourth quarter, we expect a similar outcome for the December quarter.

Beyond the end of the calendar year, however, the outlook has deteriorated. The Treasury's pre-election forecasts (*PREFU*) assumed that European governments would manage the crisis without too much more damage to the real economy, but financial tensions have escalated and dragged down growth forecasts in the region and across our major trading partners. Although the outlook is still well above the indicative downside scenario outlined in *PREFU*, it has weakened to the extent that we now expect New Zealand's economic growth in the year ending March 2013 to be closer to 3% than the 3.4% we had forecast in the *Pre-election Update.*

It is likely that growth will also be lower in subsequent years, but it is too early to judge how material those impacts might be. We continue to expect the Canterbury rebuild to begin in earnest in the second half of 2012 and to provide an offset to global weakness. Easier monetary conditions, through a lower exchange rate and a potential delay to the start of expected rises in the Official Cash Rate, will also provide some offset to a weaker world economy.

In the *PREFU* we noted that in the downside scenario tax revenue would be around $14.5 billion lower across the four-year forecast period. Although we are still well away from the downside scenario, global economic risks have increased the chances of a downgrade to our revenue forecasts when the Treasury publishes its 2012 *Budget Economic and Fiscal Update*.

New Zealand Government

Rugby World Cup boosts growth in second half of 2011...

The surge in overseas visitors coming for the Rugby World Cup (RWC) contributed to a large rise in September quarter retail sales and will flow through to higher exports of services in the September quarter GDP and Balance of Payments releases later in December. December quarter figures will also benefit from the 53,200 overseas visitors arriving in October.

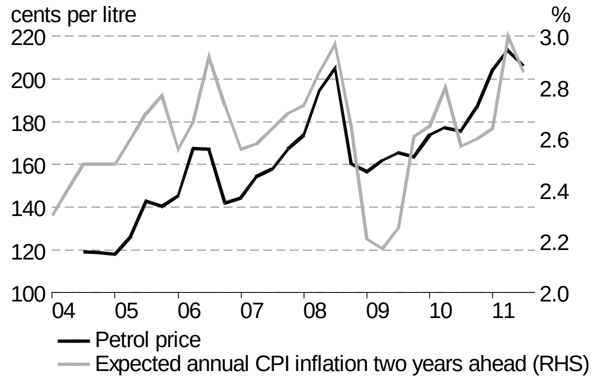
In the four months to 31 October, 133,200 overseas visitors arrived for the Rugby World Cup, many more than the 95,000 we had anticipated on the basis of overseas ticket sales. The impact of the 80,000 visitors who arrived in three months to the end of September was reflected in an unusually large 2.2% increase in quarterly retail sales volumes. Supermarket and grocery store sales led the rise, followed by accommodation. The contribution of tourists to retail sales will show up in the national accounts as exports of services although there may be some offset through increased imports.

The rise in supermarket sales likely reflects, in part, increased beer sales. With most of the RWC visitors coming from Australia, the UK, France and South Africa it is not surprising that in the four months ending 31 October, compared to the same four months in 2010, imports of beer from Australia, the UK and South Africa rose by over 20%, 50%, and 250% respectively. Imports of beer from France were down. Domestic alcohol excise for the 4 months to 31 October is running a little over 3% ahead of forecast.

...but prices ease

Retail sales values in the September quarter rose 2.1%, implying limited price movement in the quarter and consistent with the weaker-than-expected September quarter inflation read-out of 0.4%. Falling petrol prices helped to keep prices down as did the appreciation of the New Zealand dollar in the previous quarter. Although petrol prices have retreated from the high of $2.13 cents/litre for the June quarter, the $2.06 cents/litre average recorded for the September quarter is the second highest quarterly reading on record. Ongoing petrol price increases may well be a factor behind the persistently elevated inflation expectations recorded in the Reserve Bank's Survey of Inflation Expectations. Petrol prices have increased in 7 of the last 10 quarters and are almost 25% higher now than in March 2009. Inflation expectations have also increased in 7 of the last 10 quarters, from 2.2% in March 2009 to a peak of 3.0% in the June 2011 quarter. Inflation expectations eased in September and again in December to 2.8%. Figure 1 shows that petrol prices and inflation expectations tend to move in the same direction.

Figure 1 – Expected inflation and petrol prices



Sources: MED, Reserve Bank of New Zealand

The weaker-than-expected rise in retail prices and consumer prices more broadly has flowed through to lower-than-expected GST receipts, which are 2% below forecast. There are factors other than consumer spending at play here, in particular, GST refunds, such as those paid to insurance companies when they settle earthquake related claims, have been higher than anticipated.

Other indicators weaker but positive...

Employment expanded a weaker-than-expected 0.2% in the September quarter, the unemployment rate surprised by ticking up to 6.6% from 6.5% in June, and in the Quarterly Employment Survey total paid hours were flat in the quarter. Annual wage growth was up slightly to 3.2%, from 3.1% in the June quarter, and in-line with the Treasury's forecasts. Tax paid by wage and salary earners is about 1% below forecast.

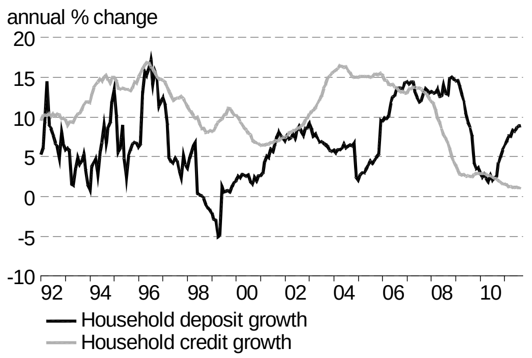
Corporate tax receipts were also a little below forecast, although it is apparent that corporate tax is yet to fully reflect the impact of some recent positive profit announcements, suggesting that there may be some upside risk to the corporate tax forecasts for the 2011/12 year. Overall though, the risk that tax receipts remain below forecast through to the end of June 2012 and beyond has increased, in line with the weaker outlook for the economy.

...including the housing market...

In the housing market, sales and prices increased in the September quarter, up 0.9% and 0.5% respectively, and days to sell edged down. However, the Real Estate Institute's October report reversed some of the gains in the September quarter as prices eased and our measure of seasonally adjusted sales fell. Consents for new building have been trending gently upwards since April, which suggests to us that residential investment will not be the drag on growth it has been for the last four quarters.

Reflecting the subdued housing market, household credit growth in the three months to 31 October recorded its smallest value increase in over 20 years and, when adjusted for the increase in house prices over that time, the increase is well below the previous record low in the early 1990s. At the same time household deposit growth is strong, which is helping to reduce the need for NZ banks to tap into increasingly risk averse overseas funding markets (Figure 2).

Figure 2 – Household deposit and credit growth



Source: Reserve Bank of New Zealand

Reinforcing this picture of a sluggish market, the ASB Housing Confidence survey for the three months to October reported an easing in housing confidence and house price expectations. The net migration loss of 100 people in the year ended October 2011 will also act to restrain market growth.

...and business surveys

The BNZ-BusinessNZ Performance of Services Index (PSI) was a little weaker on average through the September quarter than in the preceding quarter, although it fell sharply in October, down over 2 points to be just in expansionary territory above 50. The Manufacturing Index fell even more sharply in October, down 4 points and into contractionary territory. In contrast, November's National Bank Business Outlook showed a small rise in business optimism following five months of falls, although the details showed an easing in exporter optimism. It is encouraging that business confidence remains healthy but given developments in the world economy it will be interesting to see whether this is more than just a temporary hiatus.

Global turmoil yet to hit trade

The goods terms of trade eased in the September quarter, down 0.7%, reflecting weaker export commodity prices; however, that weakness was offset by a 3.1% rise in the services terms of trade. Goods export volumes fell 0.6%, but services export volumes will likely be strong, reflecting the large number of overseas visitors in the quarter, and could drive an expansion of total export volumes in the quarter. Although world prices for New Zealand's export commodities continue to ease, the lower New Zealand dollar is providing an offset.

Import volumes were up 2.7%, led by a 15% rise in capital goods volumes, which provides a solid underpinning for an expansion in quarterly business investment.

For the current account, the merchandise trade data points to a narrowing of the goods surplus, which we expect to be largely offset by a narrower services deficit boosted by the strength of visitor arrivals. Absent a large change in the income balance, which we are not forecasting, the current account deficit should remain around its current level of 3.7% of GDP. September quarter Balance of Payments data is due for release on 21 December.

The strong start to the dairy season is yet to be reflected in higher export volumes, pointing to rising inventories in the current period and higher exports later in the season. In addition, milk powder prices have stabilised over the past month. NZ Beef and Lamb have also reported a solid start to the season, with a 7% rise in lamb numbers, and an expected 7% rise in lamb export volumes for the year. The outlook for kiwifruit remains clouded by the Psa vine disease, although exports of green kiwifruit, which account for around 70% of fruit volumes, are less affected by the disease and are expected to remain solid.

Overall, we continue to expect GDP growth of just under 1% in the September quarter and, with the positive impacts of the RWC continuing into the fourth quarter, we expect a similar outcome in the December quarter. September quarter GDP data is due for release on 22 December.

Euro crisis deepens...

Events in Europe during the month point to a further deepening of the sovereign debt crisis. The greatest sign of weakness was the failure of a German bond auction to be fully subscribed, indicating the tightness of the banking sector in Europe, a concern that Germany might have to bear more of the costs of sovereign default by peripheral economies, and even some expectation of a euro area break up.

Bond yields were higher across the euro area, in particular with Italian 10-year yields over 7% for much of the month; a bond auction near the end of November saw euro-era record-high yields of 7.56%, although they have since receded. As the world's third largest bond market, this is of great concern, although at this stage Italy's issue is more one of liquidity than of solvency. Even so, the appointment of well-respected Mario Monti as Prime Minister has done little to quell market fears. Spanish bond yields were also elevated following poor auctions. The ECB has been buying bonds on the secondary market (it cannot legally purchase straight from tender); this has helped somewhat, but without a credible statement of intent, it is only a stopgap measure. Concerted action by central banks at the end of November to increase US dollar liquidity for the European banks helped ease the funding pressures in early December.

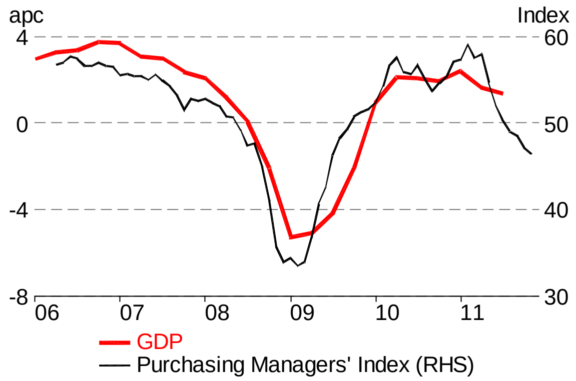
Some discussion has taken place towards greater fiscal unity, although this is more of a longer-term solution. This, however, is not enough. With countries having to pay much higher rates for funding, as well as having little-to-no growth, it becomes a vicious cycle, with default at the end. Many analysts believe only the ECB announcing a full backing of the euro area, as a lender of last resort, can ease market fears. However, fear of inflation, particularly from Germany, has so far stopped this from occurring, combined with legal restrictions on the ECB and a desire to avoid support for governments that should be taking appropriate action (ie, moral hazard).

Other possible solutions have also been proposed. An enhanced bailout fund, potentially involving a combination of the European Financial Stability Facility (EFSF), the EU and the IMF, could help stabilise debt yields, although where the funding would ultimately come from is still unclear. Euro bonds, where some or all debt is issued and backed by joint liability across the euro area, have also been proposed, but Germany has so far rejected the idea, suggesting it does little to address the underlying imbalances. There is an increasing expectation that the IMF will become involved in a euro debt rescue.

... causing some deterioration in the world outlook...

The events in Europe during November, as well as poor data outturns, have increased the likelihood of a recession in the euro area in 2012. Both the manufacturing and service PMIs remain in the contractionary region (below 50), pointing to negative growth (Figure 3). Headline inflation remains stubbornly high at 3.0%, and the unemployment rate has increased to 10.3%.

Figure 3: Euro area GDP and PMI



Source: Datastream

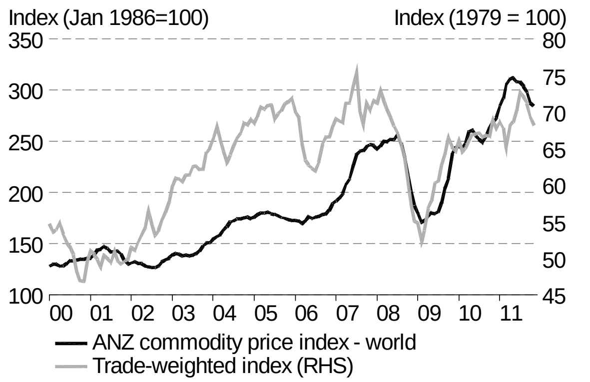
These developments, as well as continued fiscal austerity, have meant the growth outlook has deteriorated substantially. Recently, many international forecasters have significantly lowered their forecasts for 2012 and 2013 euro area growth. For example, Citi Bank are forecasting -1.2% for 2012 in their main scenario with an orderly Greek debt restructuring (PREFU was +0.9%). The OECD is forecasting a more-optimistic 0.2%.

A weaker Europe will in turn affect the rest of the world. We have already seen a slowing in Chinese export growth on the back of weaker European demand, and further weakness is expected. The HSBC manufacturing PMI for China fell a larger-than-expected 3 points in November to 47.7, indicating weakness in demand. Reports have suggested China's housing market is cooling in line with authorities' efforts; this reduces the probability of a hard landing down the line, but adds to other risks (such as property developers defaulting). Other indicators such as industrial production and retail sales have eased slightly, continuing to point to a soft landing; we expect GDP growth to ease but to remain over 8% over the next few years. China, and much of Asia, has room to loosen monetary policy if the European slowdown has a significant impact, and to some extent can provide fiscal stimulus if necessary, although not to the same degree seen during the GFC in 2008. China's central bank has already moved to ease policy, announcing a reduction in reserve ratio requirements at the end of November; further cuts are expected.

...and for the New Zealand economy

The effects on New Zealand have been mild thus far, with "soft commodity" prices that New Zealand specialises in holding up reasonably well. The ANZ commodity price index (world prices) is down 9% from its peak in May, close to where it was at the start of the year, but 65% above its average over the past decade (Figure 4). The recent weakening of the NZD is also helping offset easing commodity prices; the trade-weighted index (TWI) has fallen from a high of 75 a few months ago to around 67 at the end of November. While weaker, the NZD remains relatively high, and is well above levels that most exporters would regard as stimulatory. For now, elevated commodity prices and a solid outlook for medium-term growth in commodity demand, combined with the relatively favourable outlook for the New Zealand economy continue to provide support for the currency.

Figure 4: Commodity prices and the TWI



Sources: ANZ, RBNZ

The effects of a European downturn would be seen quickly through financial channels. Banks would have more difficultly sourcing funds from overseas, pushing the cost higher, translating to higher interest rates. New Zealand banks are reasonably well funded at present, so are in some position to absorb shocks, but a prolonged shutdown of markets would have a negative impact. Confidence effects would also translate reasonably quickly; thus far confidence has held up well. Trade effects would take longer, although the GFC impact was felt after only one-to-two quarters. Of course any effect on New Zealand would depend on the severity of the downturn and the exact events that might unfold in the euro area, for example the effect of a Greek debt restructuring would be less than a full euro-area breakup.

US strengthening, but outlook still subdued

Data for the US during November continued to have more of a positive tone, reducing the risk of a double-dip recession. The labour market improved, with revisions helping to add some momentum to employment; the unemployment rate fell 0.1 percentage points to 9.0%. Industrial production rose, as well as the November manufacturing PMI. September quarter GDP growth of 0.6% was revised lower to 0.5%, but this was mainly due to lower inventories; December quarter growth is expected to be stronger.

The outlook for 2012 and 2013 is more uncertain, with significant fiscal cuts amounting to around 2.5% of GDP in each year constraining growth. This may not all occur, as much of the consolidation is expiring programmes that could be renewed, although the failure of the super committee may make this more difficult. The crisis in Europe is also a large risk, mainly through financial and confidence channels than through trade at this stage.

Investment driving Australian growth

Australian capital expenditure was up strongly in the September quarter, driven by a 22.1% rise for mining during the quarter. This corroborated other data out during the month, with a surge in engineering construction. These results are expected to flow to into a strong September quarter GDP outturn above 1%, due on 7 December. In response to the escalating crisis in Europe, and some easing price pressures domestically, the RBA cut its cash rate 25 basis points to 4.5%. It is unclear whether there will be further cuts; September quarter GDP may give more guidance.

The Australian government released its Mid Year Economic and Fiscal Outlook (MYEFO) that showed a larger deficit than previously expected for the 2011-12 year, but they still expected to return to surplus the following year. The significant fiscal contraction required for this has the potential to be a drag on growth over the next year.

Markets weaken as focus remains on Europe

Markets remained volatile during the month, as the focus remained on the escalating crisis in Europe. Major equity markets fell from mid-month in a sustained "risk-off" period, but with some recovery at month end; global commodity prices also eased. Bond yields in the US fell as investors rushed from Europe to more traditional safe haven assets. Risk-sensitive currencies such as the NZD and AUD also fell significantly against the USD. The EUR also weakened against the USD, but perhaps not as much as might have been anticipated. One explanation that has been given for this is the repatriation of funds by euro-area banks in an effort to improve capital ratios (as has been required of them).

NZ government bond yields eased significantly in November, falling from over 4.5% at the start of the month to under 4.0% in the middle of the month, where they have remained. In our *Pre-election Update* we forecast 10-year bond rates to average 4.4% throughout 2012. If bond yields were maintained at current levels the fiscal costs of debt finance for the year ending June 2012 would be well below the $3.7 billion forecast. However, with international financial markets as unsettled as they are, these gains could unwind.

Expectations of rises in short-term interest rates have also receded in recent weeks. Many market analysts now consider the Reserve Bank's Official Cash Rate (OCR) likely to remain on hold at 2.5% until the second half of 2012. The Reserve Bank will publish its latest assessment of the economic outlook on Thursday 8 December.

Growth likely to be lower than in the PREFU

The Treasury's pre-election forecasts assumed that European governments would manage the crisis without too much more damage to the real economy but financial tensions have escalated and dragged down growth forecasts in the region and across our major trading partners.

Although the outlook is still well above the indicative downside scenario outlined in *PREFU*, it has weakened to the extent that we now expect New Zealand's economic growth in the year ending March 2013 to be closer to 3% than the 3.4% we had forecast in the *Pre-election Update.*

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

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New Zealand Key Economic Data

2 December 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	2.4	-0.6
	ann % chg	0.1	12.7	17.9	12.3	6.7	7.1	3.4
Prices								
CPI inflation	qtr % chg	0.4	0.2	1.1	2.3	0.8	1.0	0.4
	ann % chg	2.0	1.7	1.5	4.0	4.5	5.3	4.6
Tradable inflation	ann % chg	2.0	1.0	0.3	3.3	3.7	5.5	4.6
Non-tradable inflation	ann % chg	2.1	2.2	2.5	4.6	5.2	5.2	4.5
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	1.1	-0.3	1.2	0.0	0.2
	ann % chg[1]	-0.1	0.0	1.8	1.3	1.8	2.0	1.1
Unemployment rate	%[1]	6.1	6.9	6.4	6.7	6.5	6.5	6.6
Participation rate	%[1]	68.0	68.1	68.3	68.0	68.6	68.3	68.4
LCI salary & wage rates - total (adjusted)[5]	qtr % chg	0.3	0.4	0.5	0.5	0.4	0.5	0.6
	ann % chg	1.5	1.6	1.6	1.7	1.8	1.9	2.0
QES average hourly earnings - total[5]	qtr % chg	-0.4	0.7	1.0	0.5	0.4	1.1	1.2
	ann % chg	1.0	1.0	1.1	1.8	2.6	3.0	3.2
Labour productivity[6]	ann ave % chg	2.1	2.0	1.3	0.2	-0.4	-0.5	...
Retail Sales								
Core retail sales volume	qtr % chg[1]	0.2	0.7	-0.4	0.1	1.1	1.1	2.4
	ann % chg	3.0	2.6	1.5	0.3	1.4	1.9	4.5
Total retail sales volume	qtr % chg[1]	0.5	0.6	-0.6	-0.3	1.1	1.0	2.2
	ann % chg	3.2	3.4	1.9	-0.1	0.8	1.1	3.9
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	24.6
QSBO - own activity outlook[4]	net %	-5.2	-4.9	-14.1	-1.3	-4.8	3.0	1.8

Monthly Indicators

		2011M 5	2011M 6	2011M 7	2011M 8	2011M 9	2011M10	2011M11
External Sector								
Merchandise trade - exports	mth % chg[1]	-8.4	-0.2	-1.5	2.9	-0.9	0.5	...
	ann % chg[1]	10.0	3.8	4.2	9.7	9.0	5.8	...
Merchandise trade - imports	mth % chg[1]	12.8	-8.0	-9.3	13.2	2.2	-4.9	...
	ann % chg[1]	18.8	4.7	-3.8	16.0	16.5	7.6	...
Merchandise trade balance (12 month total)	NZ$ million	1019	999	1288	1023	689	627	...
Visitor arrivals	number[1]	207810	183960	215100	224320	264650	243920	...
Visitor departures	number[1]	216550	201870	211060	208650	241140	278980	...
Housing								
Dwelling consents - residential	mth % chg[1]	3.2	-1.1	13.7	16.8	-17.1	11.2	...
	ann % chg[1]	-21.8	-25.4	-15.6	18.7	-3.8	11.8	...
House sales - dwellings	mth % chg[1]	9.9	-0.9	-3.4	4.9	-3.9	-2.3	...
	ann % chg[1]	10.9	14.0	11.3	20.6	21.2	28.8	...
REINZ - house price index	mth % chg	-1.8	1.3	-0.6	0.5	1.7	-0.3	...
	ann % chg	-0.7	0.0	0.5	0.7	2.7	3.4	...
Private Consumption								
Electronic card transactions - total retail	mth % chg[1]	-0.7	1.1	0.3	-0.6	0.7	1.5	...
	ann % chg	6.8	9.0	8.0	8.4	7.5	7.4	...
New car registrations	mth % chg[1]	3.4	-2.3	-1.9	9.0	-12.3	0.5	...
	ann % chg	-3.7	-9.5	-6.0	1.9	-12.2	-8.8	...
Migration								
Permanent & long-term arrivals	number[1]	6940	6900	7350	7380	6950	6710	...
Permanent & long-term departures	number[1]	7210	7160	7550	7270	7640	7350	...
Net PLT migration (12 month total)	number	4625	3867	2867	2257	773	-103	...
Commodity Prices								
Brent oil price	US$/Barrel	114.93	114.37	117.48	110.35	111.96	110.43	111.16
WTI oil price	US$/Barrel	101.30	96.29	97.08	86.33	85.65	86.41	97.11
ANZ NZ commodity price index	mth % chg	-0.7	-3.3	-3.7	-0.2	0.2	-0.6	1.2
	ann % chg	7.6	4.9	4.7	5.7	4.9	3.9	6.2
ANZ world commodity price index	mth % chg	0.4	-1.2	-0.2	-1.4	-2.0	-3.5	-1.0
	ann % chg	19.6	20.6	22.2	22.0	16.5	9.1	5.8
Financial Markets								
NZD/USD	$[2]	0.7959	0.8150	0.8455	0.8384	0.8143	0.7879	0.7728
NZD/AUD	$[2]	0.7447	0.7686	0.7852	0.7978	0.7943	0.7799	0.7635
Trade weighted index (TWI)	June 1979 = 100[2]	68.70	70.30	72.70	72.10	71.20	69.30	68.20
Official cash rate (OCR)	%	2.50	2.50	2.50	2.50	2.50	2.50	2.50
90 day bank bill rate	%[2]	2.66	2.65	2.71	2.90	2.88	2.76	2.69
10 year govt bond rate	%[2]	5.23	5.04	5.07	4.55	4.41	4.54	4.14
Confidence Indicators/Surveys								
National Bank - business confidence	net %	38.3	46.5	47.6	34.4	30.3	13.2	18.3
National Bank - activity outlook	net %	39.7	38.7	43.7	43.3	35.4	26.1	28.8
ANZ-Roy Morgan - consumer confidence	net %	103.3	112.5	109.4	113.3	112.6	112.2	109.0

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 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