Monthly Economic Indicators

October 2017

Executive Summary

- **An easing in surveyed business activity and soft agricultural production points to slower growth in the September quarter than forecast in the *Pre-election Update***
- **Stronger-than-forecast CPI inflation and rising terms of trade to support nominal growth**
- **Labour market conditions stronger than expected**
- **GDP growth is expected to pick up in the December quarter**
- **Outlook for global growth improves**

Economic data released over the past month suggest some downside risk to the *Pre-election Economic and Fiscal Update* forecast of a 0.9% expansion in the September quarter. The NZIER's Quarterly Survey of Business Opinion (QSBO) showed a sharp fall in business confidence in the September quarter, which may be temporary reflecting election uncertainty at the time, while the key measure of current quarter activity declined. Agricultural production is expected to drag on growth, as the seasonal ramp-up in milk production has been hampered by wet weather and a contraction in meat processing drives weakness in food manufacturing. Other data suggests retail sales, hospitality and transport may also pull-back in the quarter as tourism-induced strength in the June quarter unwinds. That said, ongoing support from high net migration inflows, low interest rates and a strengthening labour market will support GDP growth. On balance, recent economic indicators suggest the real economy expanded around 0.6% in the September quarter.

On the other hand, indicators for nominal expenditure GDP in the September quarter have remained firm: CPI inflation printed above forecast; the merchandise trade deficit narrowed, supported by strong export prices; and services exports are set for a solid reading on the back of the Lions tour.

Headline employment growth was exceptionally strong in the September quarter, leading to a fall in the unemployment rate to 4.6% despite a large increase in the labour force. Wage growth picked up, owing in part to the pay equity settlement that took effect from July.

GDP growth is expected to gather pace in the December quarter as agricultural production picks up on improving weather conditions, particularly for dairy, and growth in residential investment re-emerges, reflecting the September quarter rise in building consents. Stronger growth would be consistent with the lift in business' expectations for domestic trading activity captured in the QSBO. However, the ANZ Business Outlook survey for October, suggests downside risks have increased.

The IMF upgraded their outlook for global growth in 2017 and 2018 on the broad-based acceleration in advanced economy growth over the first half of 2017. Initial GDP releases for the September quarter showed growth continued to strengthen in the US and euro area, but eased slightly in China.

ISSN-1175-6780 – Text finalised 3 November 2017

Analysis

Data released over the past month suggest some downside risk to the *Pre-election Update* forecast of 0.9% economic growth in the September quarter. The NZIER's Quarterly Survey of Business Opinion (QSBO) showed a sharp fall in business confidence in the September quarter, with the key measure of current quarter activity declining. Agricultural production (which is not covered in the QSBO) is expected to drag on growth, as the seasonal ramp-up in milk production has been hampered by wet weather and a contraction in meat processing drives weakness in food manufacturing. Other data, suggests retail sales, hospitality and transport may also pull-back in the quarter as tourism-induced strength in the June quarter unwinds. That said, ongoing support from high net migration inflows, low interest rates and a strengthening labour market will limit how much GDP growth is likely to slow. On balance, recent data suggest the real economy expanded around 0.6% in the September quarter.

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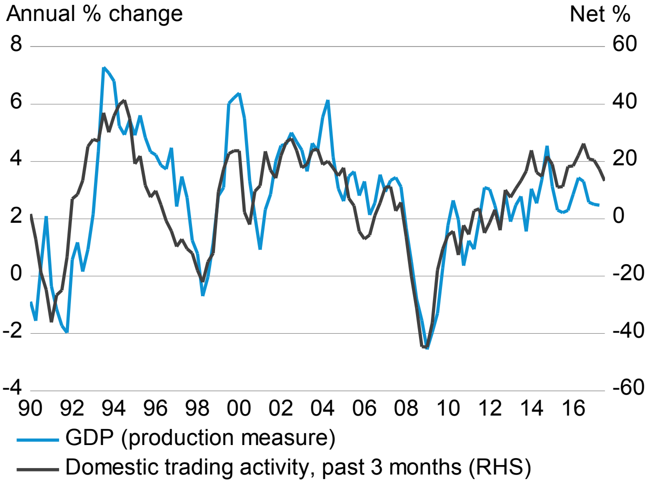
A dip in business confidence raises risk of weaker growth

September quarter QSBO figures suggest some risk of slowing growth in the quarter. Headline business confidence fell to a net 7% of firms expecting an improvement in economic conditions over coming months from 17% last quarter. The key activity measure – the seasonally adjusted net number of firms reporting an expansion in trading activity – declined for a fourth consecutive quarter to 13.3% from 26.2% a year ago (which was the highest reading since 2002, Figure 1).

Figure 1: GDP and firms' own domestic trading activity



Sources: NZIER, Statistics NZ

While firms' expectations for trading activity in the December quarter rose, ANZBO results suggest these may not materialise. ANZBO business confidence dived into negative territory in October, which was attributed to heightened political uncertainty. Other components of the survey (including expectations for future activity, employment and investment intentions) also eased, but by lesser amounts than the headline confidence measure.

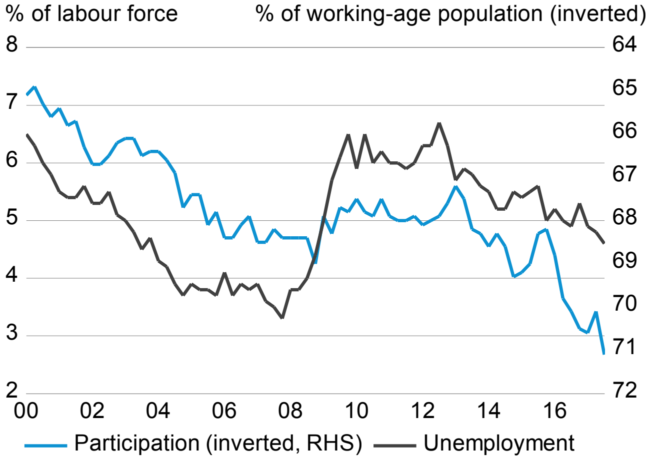
Overall, QSBO results point to a more moderate pace of expansion in the September quarter than the *Pre-election Update* forecast of 0.9%. While the ANZBO may indicate downside risks to our expectations for a pickup in growth in the December quarter, an expansionary PSI (down 1.2 points to 56.0 in September) and PMI (broadly stable at 57.5) continue to suggest solid economic activity into 2018. Of key interests here will be whether other indicators move in the direction of the ANZBO, or if the uncertainty-driven dip reverses.

Unemployment rate drops on strong employment growth

The September quarter labour market release indicates conditions in the labour market are stronger than anticipated in the *Pre-election Update*. Employment growth – as measured by the Household Labour Force Survey (HLFS) – was exceptionally strong, with the total number of people in employment up 2.2% (56,000) from June. Full-time and part-time employment rose 1.6% and 3.2% respectively. Excluding the impact from the change in the HLFS survey in the 2016 June quarter, this was the largest quarterly rise since the survey began.

The labour force expanded by 2.1% (55,000 people) in the quarter owing to a large increase in the participation rate (to a new record-high of 71.1%) as well as an increase in the working age population. The unemployment rate dipped 0.2% points from the June quarter to 4.6% as employment growth more than absorbed the expanding labour force (Figure 2).

Figure 2: Unemployment and participation rates



Source: Statistics NZ

Other measures of labour demand were mixed. HLFS total actual hours worked showed a strong increase in the quarter (+2.4%) to be 4.5% higher than a year ago. However, the QES measures showed slower growth, with seasonally adjusted full-time equivalent employees and total weekly paid hours both up 0.8% in the quarter (up 2.7% and 3.0% on a year ago respectively) and filled jobs up just 0.2% (2.5% on a year ago). Overall, the QES gives us some cause to discount the extent of gain shown in the HLFS.

Annual wage growth was slightly stronger than expected with the QES ordinary time hourly earnings lifting to 2.2%, from 1.6% in June. Annual growth in the ordinary time Labour Cost Index (LCI), which measures changes in wages and salaries for a fixed quantity and quality of labour, rose 0.1% points to 1.8%. Looking through the impact from the care and support workers pay equity settlement, which added 0.3% points to the headline LCI measure, underlying wage pressures appear relatively subdued.

Headline CPI inflation above forecast…

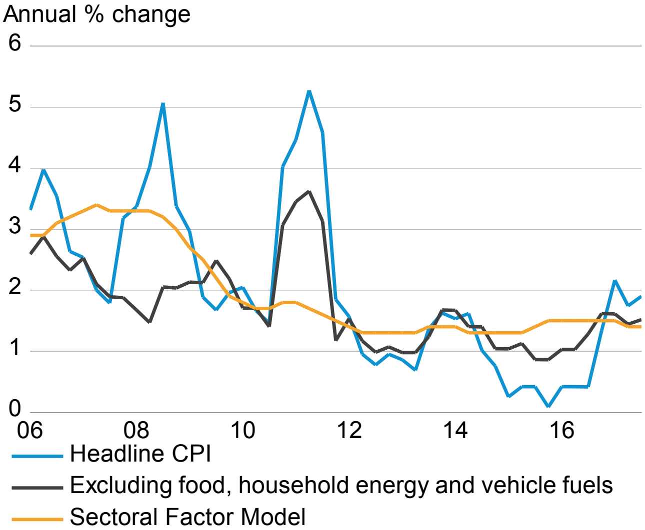
Annual Consumers Price Index (CPI) inflation increased to 1.9% in the September quarter from 1.7% in June, stronger than forecast in the *Pre-election Update*, as housing-related prices rose by more and fuel prices fell by less than expected.

Quarterly inflation printed at 0.5%, with the housing and household utilities group and food group contributing 0.3% points and 0.2% points respectively. Price rises in the housing and household utilities group were led by a 3.5% rise local authority rates (which increased on July 1st in most places) and the cost of purchasing new housing, up 1.1%. The transport group detracted 0.1% points from the quarterly change, reflecting a 1.7% decline in petrol prices and a 5.5% decline in international airfares.

Annual growth in the price of building a new house slowed from 6.4% in June to 5.4%, as price growth in Auckland slowed to 6.8% from 8.1% in June. Wellington posted the highest increase in annual rental prices, up 3.7%, supporting recent anecdotes around supply-side shortages. Rental prices rose 2.2% nationwide.

Looking through some of the more volatile components suggests underlying inflationary pressures remain relatively soft: inflation excluding food and energy picked up only slightly from 1.4% to 1.5% and the Reserve Bank's Sectoral Factor Model estimate of core inflation was flat at 1.4% (Figure 3).

Figure 3: CPI inflation



Sources: Statistics NZ, RBNZ

…but expected to ease in early 2018

Annual inflation is expected to decline in early 2018 as the strong March quarter outturn earlier this year (owing largely to higher petrol prices), drops out of the annual calculation. Thereafter, a slow but steady increase in underlying inflationary pressures is expected to drive inflation towards 2%. However, a fall in the QSBO capacity utilisation indicator to below the 5-year average, suggests risks are skewed towards weaker inflation. Reflecting these risks, market pricing for the next lift in the Official Cash Rate has been pushed out over the month. A 25 basis point rise is now fully priced in by early 2019 (previously November 2018).

Lower petrol prices drive contraction in cards spending

Seasonally adjusted retail cards spending fell 0.1% in the September quarter, driven by a 7.1% drop in fuel spending on the back of lower petrol prices. Core retail spending, which excludes vehicle-related expenditure, rose 0.9% owing largely to a lift in hospitality and consumables spending, up 0.9% and 0.5% respectively. Accounting for solid visitor arrivals (whose spending will be re-allocated to services exports), cards data suggests some downside risk to the *Pre-election Update* forecast for 1.1% growth in nominal private consumption in the September quarter. In addition, cards data combined with stronger CPI inflation than forecast, suggests real private consumption may also be tracking below forecast. However, the more comprehensive Retail Trade Survey (released in November) will provide a better indication on that front.

Overall, the outlook for consumption remains buoyed by solid consumer confidence (the seasonally adjusted ANZ index dipped slightly in October, but remains high compared to history), low interest rates, strong population growth and a tightening labour market.

Modest rise in house prices as consents point to pick up in building activity in December quarter

The seasonally adjusted REINZ house price index (HPI) for New Zealand rose for a second consecutive month, up 0.8% in September. For the first time since October 2016, the Auckland HPI rose slightly more than the rest of New Zealand, up 0.9%. The rise in Auckland suggests prices are stabilising following a period of contraction in recent months. In the year to September, the New Zealand HPI rose 2.1%, with a fall of 0.7% in Auckland more than offset by a 7.0% increase in the rest of the country, as high Auckland prices have shifted demand into other regions.

Indicators for housing market activity have been mixed. Sales volumes declined 6.4% in the month of September (down 24.1% from September 2016) and new mortgage lending was 20.7% lower than the September quarter of 2016 (driven by lower investor lending on tighter loan-to-value restrictions). While the seasonally adjusted number of dwelling consents dipped 2.3% in the month of September, total dwellings consented were up 5.4% on a quarterly basis, with the number of houses consented up 2.8%.

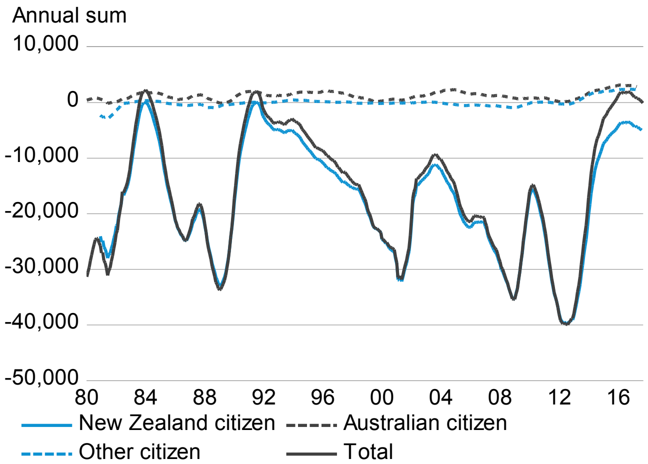
On balance, these data suggest residential investment will weigh on growth in the September quarter, but strengthen in the December quarter as consented dwellings are constructed. The solid fundamentals underpinning residential investment, chiefly strong population growth and low interest rates, are expected to support a steady expansion over 2018. Rising, albeit moderating, construction costs should support nominal GDP growth (through the residential investment deflator), more than offsetting weaker building activity in the September quarter.

Net migration inflows ease slightly from their record-high

Statistics New Zealand estimates New Zealand's resident population increased by 100,400 (2.1%) in the year to June 2017 to 4,793,700, with 72,300 (72.0%) of the rise coming from record-high permanent and long-term net migration. Strong population growth has been a key driver of domestic demand in recent years. However, there are some signs that population growth is easing.

Since June, seasonally adjusted monthly net migration inflows have eased from 6,290 to 5,190 in September. Annual net migration has dropped to 71,000, slightly below that assumed in the *Pre-election Update*. While some analysts are calling this a turning point, it is still early days. In our view, a continued easing in net migration (uninfluenced by policy changes) is dependent on the persistence of recent factors. One of these factors has been the recent strengthening in Australian labour market conditions which has coincided with a turnaround in net trans-Tasman flows, driven by net New Zealand citizen departures to Australia (Figure 4).

Figure 4: Net trans-Tasman PLT flows



Source: Statistics NZ

Annual goods trade deficit narrows on higher export prices…

The annual merchandise trade deficit narrowed to $2.9 billion in the September quarter from $3.7 billion in June, as a $1.3 billion rise in exports (reflecting the recovery in dairy prices over the past year) more than offset a $0.5 billion rise in imports.

In the September quarter, seasonally adjusted export values declined 0.7%, with dairy and meat values down 4.1% and 3.5% respectively, as a sharp drop in volumes (6.9% and 5.1%) more than offset higher prices. Imports fell 2.4% in the quarter with capital and intermediate goods driving much of the decline. Overall, merchandise trade data reaffirm our view that strong export prices will drive a lift in the terms of trade and provide a positive contribution to nominal GDP growth in the quarter. However, the contribution to real GDP growth from net exports could be weaker than expected in the *Pre-election Update*.

Looking ahead, the 3.1% rise in average USD dairy prices on the GDT platform over the September quarter is expected to support nominal exports in the December quarter. However, some retracement seems likely in early 2018 given dairy prices eased around 4% in October as demand failed to absorb higher whole milk powder volume offerings. Prices declined in October despite Fonterra downgrading its milk collection forecast for the season because of wet weather, which has constrained the seasonal increase in production. Milk production for the season to September was down 0.1% on last year, with the September month 1.3% lower than in 2016. While it is still early in the season (production to September typically represents around 20% of total production for the season), milk volumes available for export are shaping up to be weaker than assumed in the *Pre-election Update*. This, together with a 4.7% contraction in meat processing, suggests agricultural production will drag on GDP growth in the quarter.

On a trade-weighted basis, the New Zealand dollar (NZD) depreciated 2.2% on 20 October and opened in November around 5% below the September quarter average. Uncertainty around the impact of a change in government drove much of the decline, as markets await further detail around key economic policies. That said, global factors have also played a role. In particular, the USD strengthened as markets anticipate a higher likelihood of more stimulatory fiscal settings and as economic growth in the September quarter was faster than expected.

…as strong tourist numbers support services exports

Reflecting strong growth in tourism, New Zealand hosted 3.7 million visitors in the year to September – a new record. Following the World Masters Games- and Lions tour-induced boost earlier this year, strong demand for New Zealand tourism has continued, with arrivals in the month of September 3.1% higher than September 2016. The Lions tour is expected to have contributed to services exports (and expenditure GDP) in the September quarter given it is based on departures data and the tour concluded in July. While some retracement in services exports is likely in the December quarter, underlying strength in the sector is expected to continue.

For September quarter production GDP (which generally accounts for the impact of international visitors on a more contemporaneous basis than the expenditure measure), the departure of Lions fans is expected to drag on growth through a retracement in hospitality activity. The Accommodation Survey showed seasonally adjusted international guest nights were down 9.2% and 2.1% in the months of July and August respectively, with domestic guest nights 2.2% and 1.3% lower.

The drop in domestic guest nights and increase in the number of New Zealand departures overseas (up 10.0% in the year to September) shows more Kiwis have been choosing to holiday offshore. This has also been reflected in strong imports of services. If sustained, the depreciation of the NZD could support a higher services surplus by increasing the cost for Kiwis to holiday overseas (supporting a substitution towards domestic tourism) and reducing the cost to overseas holidaymakers visiting New Zealand. Solid income growth abroad, reflecting a more sanguine global growth outlook (see below), should provide a supportive backdrop for tourism and exports in general.

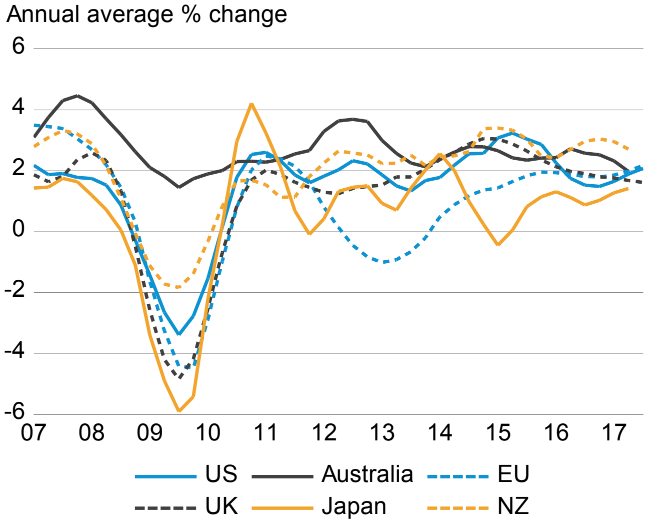
Global outlook improves

Forecasts for global growth in 2017 and 2018 were revised up to 3.6% and 3.7% respectively in the IMF's latest World Economic Outlook. The broad-based acceleration in advanced economy growth over the first half of 2017 drove the 0.1% upgrade in 2017, while both advanced and developing economy projections were revised up by 0.1% in 2018. The IMF also noted that headline inflation has eased in recent months, mostly driven by oil price developments, and that core inflation has generally remained muted, reflecting still weak wage growth. The IMF attributed much of the weakness in wages to ongoing labour market slack, falls in inflation expectations and slower productivity growth.

Solid US growth despite bad weather

The initial estimate of US September quarter GDP growth came in at 0.7%, a little above expectations. Most analysts had expected the run of bad weather in the quarter to be a larger drag on growth. Over the four quarters to September, GDP was 2.1% higher than in the previous year and up from 1.8% in the year ended June (Figure 5).

Figure 5: Real GDP



Source: Haver

Meanwhile, the unemployment rate continued to decline, down to 4.2% in September from 4.4% in August. Tightening labour market conditions may be starting to have an effect on wage growth with average hourly earnings increasing 0.5% in the month and 2.9% in the year, up from 2.4% in August.

Based on signals from business sentiment, GDP growth may strengthen further over the rest of the year. The ISM manufacturing index rose to 60.8 in September, up from 59.8 in August, and the highest in over a decade. The ISM non-manufacturing index improved to 59.8 in September from 55.3 in August.

Despite the pickup in growth and the continued tightening in the labour market, measures of inflation continue to show some weakness. Annual CPI inflation in the US picked up to 2.2% in September from 1.9% in August, although core inflation was unchanged for the fifth month in a row at 1.7%. The core PCE deflator, the Federal Reserve's preferred measure of inflation, rose a subdued 1.3% compared to the same month a year ago.

The US Federal Reserve remains on track to raise its policy rate 25 basis points in December. The Federal Reserve left rates unchanged at its November policy meeting but upgraded its assessment of growth momentum in the economy from "moderate" to "solid". However, the Fed noted that core inflation had remained soft in September, although it still expected inflation to rise towards 2% over the medium-term. The US President nominated Jerome Powell as Janet Yellen's successor as Fed Chair, whose term ends in in February 2018.

Australian labour market conditions improve

Employment data from Australia for September showed labour market conditions continue to improve. Employment grew 3.3% in the September year, the fastest pace of growth since 2008. The participation rate was unchanged and the unemployment rate fell to 5.5%, its lowest level since 2013. The persistently positive trend in labour market data is supportive of increasing wage and price pressure over 2018.

Australian CPI inflation eased to 1.8% in the September year from 1.9% in the June year. The primary driver of inflation in the quarter was an increase of 8.9% in electricity prices. The Reserve Bank of Australia's preferred measures of core inflation, the trimmed mean and the weighted mean, also eased. With headline and core inflation remaining below 2%, monetary policy is expected to remain supportive for some time. Market pricing suggest just a 50% chance of a monetary policy tightening by August 2018.

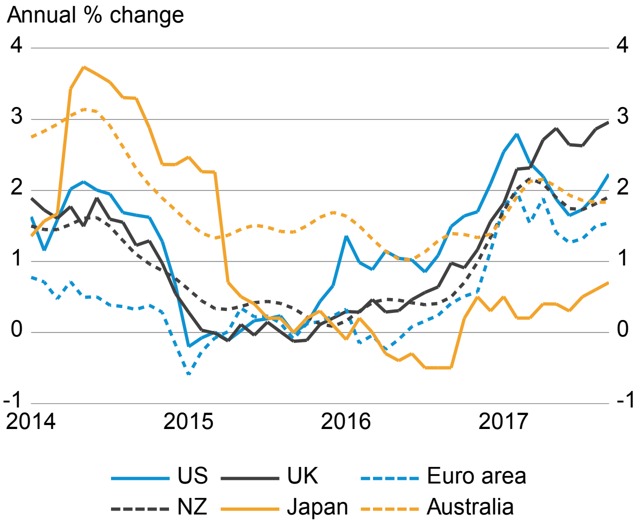
Steady inflation and unemployment in Japan

Solid data from Japan showed the unemployment rate remained at 2.8% in September, the lowest since the 1990s and annual inflation was steady at 0.7%. Industrial production dipped in September but was 3.5% higher than a year. Finally, the Tankan large firm manufacturing index rose from 17 in the June quarter to 22 in the September quarter. Overall, these data suggest GDP expanded in the September quarter, the seventh consecutive quarter of growth and the longest growth stretch since 2001. The market expects September quarter growth to be around 0.3% (1.7% year on year).

In the UK, annual CPI inflation rose one tenth to 3.0% in September, its highest level since 2012, although annual core inflation was unchanged at 2.7%. The Bank of England increased its policy rate 25 basis points to 0.50%. The accompanying statement said the Bank expected any future increases to be at a gradual pace and to a limited extent.

The unemployment rate in the UK remained at 4.3% in the three months to August. However, the tight labour market has yet to significantly lift wage inflation and falling real wages are putting pressure on consumer spending. Average weekly earnings (including bonuses) increased by 2.2% in the August year.

Figure 6: Inflation is higher over 2017



Source: Haver

Finally, GDP growth picked up in September, with 0.4% growth in the quarter. This left annual GDP growth unchanged at 1.5%.

European Central Bank begins to taper QE

Data from the euro area remained positive. Economic growth remained solid at 0.6% in the September quarter, bringing annual growth to 2.5%, up from 2.3% in June, and beating market expectations of 2.4%. Unemployment fell 0.1% points to 8.9%, the lowest since 2009, but the pass-through to inflation remains weak with the harmonised CPI rising just 0.1% in the month. As a consequence, annual inflation dipped one-tenth to 1.4%, while core inflation dropped two-tenths to 0.9%.

The subdued trend in inflation was reflected in the European Central Bank's October announcement that quantitative easing would be extended until at least September 2018, in line with analysts' expectations. There was a reduction in the size of the asset purchases, which fell from €60bn to €30bn.

Chinese growth continues to outpace target

The Chinese Communist Party Congress was opened by President Xi Jinping whose speech pointed to an intention to give more emphasis to the quality of economic growth. However, this change in emphasis is not expected to have much impact on the pace of growth over the next few years, which is widely expected to ease to around 6% or below by 2020. Thus, most analysts expect the gradual approach to supply side and financial market reform to continue and growth to remain steady, albeit slower.

Meanwhile, Chinese GDP expanded 6.8% in the year to September, down from 6.9% in the year to June, but well above the official 2017 target of 'around 6.5%'. Fourth quarter activity appears to have got off to a slower start with the official manufacturing and non-manufacturing PMIs falling 0.8pts and 1.1pts to 51.6 and 54.3 respectively. Notably, the manufacturing PMIs medium and small firm components were both in contractionary territory at 49.8 and 49.0 respectively.

Monthly Economic Indicators is a regular report prepared by the Forecasting team of the Treasury.

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New Zealand Key Economic Data

Quarterly Indicators

		2016Q1	2016Q2	2016Q3	2016Q4	2017Q1	2017Q2	2017Q3
Gross Domestic Product (GDP)								
Real production GDP	qtr % chg[1]	0.7	0.8	0.7	0.4	0.6	0.8	...
	ann ave % chg	2.4	2.7	3.0	3.0	2.9	2.7	...
Real private consumption	qtr % chg[1]	0.3	2.1	1.4	0.4	1.2	0.9	...
	ann ave % chg	2.8	3.2	4.0	4.3	4.8	4.7	...
Real public consumption	qtr % chg[1]	1.1	0.1	1.2	1.0	1.0	1.1	...
	ann ave % chg	2.6	1.8	1.8	2.2	2.4	3.4	...
Real residential investment	qtr % chg[1]	4.6	5.0	0.7	0.2	-1.3	-1.0	...
	ann ave % chg	2.8	6.3	9.0	11.1	10.3	6.3	...
Real non-residential investment	qtr % chg[1]	1.3	1.5	0.3	2.1	1.8	-0.4	...
	ann ave % chg	2.4	2.4	1.7	3.2	3.6	3.8	...
Export volumes	qtr % chg[1]	-0.1	2.1	-0.7	-3.1	0.4	5.2	...
	ann ave % chg	5.6	4.8	3.0	1.6	0.7	-0.1	...
Import volumes	qtr % chg[1]	0.5	2.4	1.8	1.7	1.0	0.6	...
	ann ave % chg	2.0	1.0	1.8	3.4	5.1	6.0	...
Nominal GDP - expenditure basis	ann ave % chg	4.1	4.2	4.3	5.3	5.6	5.9	...
Real GDP per capita	ann ave % chg	0.4	0.6	0.9	0.9	0.8	0.6	...
Real Gross National Disposable Income	ann ave % chg	2.1	2.7	3.1	4.1	3.9	4.0	...
External Trade								
Current account balance (annual)	NZ$ millions	-7,252	-6,827	-7,139	-6,554	-7,730	-7,490	...
	% of GDP	-2.9	-2.7	-2.8	-2.5	-2.9	-2.8	...
Investment income balance (annual)	NZ$ millions	-8,334	-7,816	-7,611	-7,133	-7,700	-7,789	...
Merchandise terms of trade	qtr % chg	4.2	-2.0	-1.2	5.8	3.9	1.6	...
	ann % chg	-0.4	-3.8	-1.2	6.7	6.4	10.3	...
Prices								
CPI inflation	qtr % chg	0.2	0.4	0.3	0.4	1.0	0.0	0.5
	ann % chg	0.4	0.4	0.4	1.3	2.2	1.7	1.9
Tradable inflation	ann % chg	-1.2	-1.5	-2.1	-0.1	1.6	0.9	1.0
Non-tradable inflation	ann % chg	1.6	1.8	2.4	2.4	2.5	2.4	2.6
GDP deflator	ann % chg	0.9	0.1	1.4	4.2	3.9	2.8	...
Consumption deflator	ann % chg	0.8	0.9	0.1	0.7	1.6	1.2	...
Labour Market								
Employment (HLFS)	qtr % chg[1]	1.3	2.5	1.2	0.8	1.2	-0.1	2.2
	ann % chg[1]	2.0	4.5	6.1	5.8	5.7	3.1	4.1
Unemployment rate	%[1]	5.2	5.0	4.9	5.3	4.9	4.8	4.6
Participation rate	%[1]	68.8	69.8	70.1	70.5	70.6	70.1	71.1
LCI salary & wage rates - total (adjusted)[5]	qtr % chg	0.4	0.4	0.5	0.4	0.4	0.4	0.6
	ann % chg	1.6	1.5	1.7	1.6	1.6	1.7	1.8
QES average hourly earnings - total[5]	qtr % chg	0.3	0.5	0.5	-0.1	0.5	0.6	1.2
	ann % chg	2.4	2.1	1.7	1.3	1.5	1.6	2.2
Labour productivity[6]	ann ave % chg	0.8	-0.2	-1.2	-2.2	-3.4	-2.3	...
Retail Sales								
Core retail sales volume	qtr % chg[1]	0.8	2.4	0.3	0.7	1.4	1.8	...
	ann % chg	4.8	6.4	5.0	3.8	3.8	4.2	...
Total retail sales volume	qtr % chg[1]	0.8	2.1	0.8	0.9	1.6	1.7	...
	ann % chg	4.9	6.0	5.1	3.9	4.6	5.1	...
Confidence Indicators/Surveys								
WMM - consumer confidence[3]	Index	110	106	108	113	112	113	...
QSBO - general business situation[4]	net %	1.7	18.6	25.7	28.3	17.1	17.8	5.2
QSBO - own activity outlook[4]	net %	3.8	16.8	39.2	27.0	20.6	18.4	35.2

Monthly Indicators

		2017M04	2017M05	2017M06	2017M07	2017M08	2017M09	2017M10
External Sector								
Merchandise trade - exports	mth % chg[1]	16.8	-6.8	3.3	7.6	-11.4	4.2	...
	ann % chg[1]	8.8	7.6	10.6	16.5	8.9	9.0	...
Merchandise trade - imports	mth % chg[1]	5.6	1.0	-3.1	1.6	-3.7	4.9	...
	ann % chg[1]	4.6	14.9	7.6	4.9	5.2	1.4	...
Merchandise trade balance (12 month total)	NZ$ million	-3512	-3793	-3657	-3214	-3154	-2908	...
Visitor arrivals	number[1]	315,420	310,350	326,190	308,160	306,900	307,790	...
Visitor departures	number[1]	314,760	314,660	307,870	323,250	302,580	310,550	...
Housing								
Dwelling consents - residential	mth % chg[1]	-1.9	1.8	0.9	3.2	5.9	-2.3	...
	ann % chg[1]	-10.8	10.9	-7.0	-1.7	11.7	6.0	...
Private Consumption								
Electronic card transactions - total retail	mth % chg[1]	1.0	-0.3	-0.1	-0.6	0.1	0.1	...
	ann % chg	4.5	5.2	4.5	2.0	4.4	2.9	...
New car registrations	mth % chg[1]	-2.7	3.6	-2.7	-1.6	3.5	-0.6	...
	ann % chg	3.0	13.7	11.1	6.2	5.5	5.5	...
Migration								
Permanent & long-term arrivals	number[1]	10,940	11,130	11,460	11,050	10,590	10,480	...
Permanent & long-term departures	number[1]	5,130	5,200	5,160	5,340	5,170	5,280	...
Net PLT migration (12 month total)	number	71,885	71,964	72,305	72,402	72,072	70,986	...
Commodity Prices								
Brent oil price	US$/Barrel	52.31	50.33	46.37	48.48	51.70	56.15	*57.51*
WTI oil price	US$/Barrel	51.08	48.51	45.19	46.61	48.05	49.83	*51.60*
ANZ NZ commodity price index	mth % chg	0.5	4.0	-1.6	-2.1	0.2	1.7	...
	ann % chg	20.4	22.3	20.1	17.8	15.8	13.3	...
ANZ world commodity price index	mth % chg	-0.2	3.2	2.1	-0.8	-0.8	0.8	...
	ann % chg	23.7	26.3	24.6	21.1	16.3	11.5	...
Financial Markets								
NZD/USD	$[2]	0.6975	0.6937	0.7226	0.7350	0.7311	0.7246	*0.7062*
NZD/AUD	$[2]	0.9259	0.9334	0.9560	0.9434	0.9233	0.9089	*0.9060*
Trade weighted index (TWI)	June 1979 = 100[2]	76.01	75.50	77.92	78.41	77.08	75.85	*74.73*
Official cash rate (OCR)	%	1.75	1.75	1.75	1.75	1.75	1.75	1.75
90 day bank bill rate	%[2]	1.97	1.98	1.95	1.96	1.95	1.95	*1.94*
10 year govt bond rate	%[2]	3.05	2.93	2.77	2.97	2.88	2.92	*2.97*
Confidence Indicators/Surveys								
ANZ - business confidence	net %	11.0	14.9	24.8	19.4	18.3	0.0	-10.1
ANZ - activity outlook	net %	37.7	38.3	42.8	40.3	38.2	29.6	22.2
ANZ-Roy Morgan - consumer confidence	net %	121.7	123.9	127.8	125.4	126.2	129.9	126.3
Performance of Manufacturing Index	Index	56.7	58.1	56.0	55.6	57.9	57.5	...
Performance of Services Index	Index	52.9	58.4	58.2	55.9	57.2	56.0	...