THE TREASURY
Kaitohutohu Kaupapa Rawa

Monthly Economic Indicators

New Zealand Government

January 2019

Executive Summary

- **GDP grew 0.3% in the September quarter to be 3.0% higher over the year ended September compared to the previous year.**
- **Indicators of activity for the December quarter point to a pickup in quarterly growth, with rises in confidence measures and solid residential building consents.**
- **Global growth is slowing.**

Real GDP grew 0.3% in the September quarter, below our *Half Year Economic and Fiscal Update* (HYEFU) forecast. However, revisions to earlier quarters resulted in higher than expected annual average growth of 3.0%.

Early indicators for the December quarter point to a pickup in growth. Business and consumer confidence measures rose in the December quarter. Residential building consents and increases agricultural production will provide support for residential investment and exports, respectively.

Annual Consumers Price Index (CPI) inflation of 1.9% was weaker than expected at HYEFU, largely owing to a decline in petrol prices. We expect inflation to dip in the March quarter as lower petrol prices flow through fully into tradables inflation. However, annual non-tradables inflation is expected to continue rise gradually reflecting capacity pressures.

The IMF slightly lowered forecasts for global growth in its January *World Economic Outlook Update*. Global growth is projected at 3.5% in 2019 and 3.6% in 2020, 0.2 and 0.1 percentage points below last October's projections. These downward revisions follow slower growth in recent months, most notably in the euro area. The revisions come amid fears of an economic slowdown in China, especially in the context of trade tensions. Uncertainty over Brexit continues to weigh on sentiment in the UK and the euro area, while the US government shutdown is expected to reduce US GDP growth.

Australian GDP slowed in the September quarter, and business sentiment fell sharply in December. House prices continue to fall in Australia, although we do not expect any flow on effects to the New Zealand property market.

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Analysis

Economic data showed that real GDP expanded by 0.3% in the September quarter, supported by a partial rebound in mining activity. Revisions to prior quarters imply that GDP growth has been stable over the year to June 2018, whereas previously it was thought to have declined steadily. Business and consumer sentiment have improved but the former still remains at historically low levels. The current account deficit narrowed in the September quarter, partly due to a narrower goods deficit. December quarter annual CPI inflation of 1.9% was below our *Half Year Economic and Fiscal Update* (HYEFU) forecast (2.0%), primarily reflecting the fall in fuel prices over the December month. Overall, despite a weaker than expected September outturn, growth is expected to be stronger over the next few quarters supported by public and private consumption and solid, but slowing, growth abroad.

GDP grew 0.3% in the September quarter

Real GDP grew 0.3% in the September quarter, below market expectations and our HYEFU forecast (0.7%). However, upward revisions to growth in prior quarters took annual average growth to 3.0%, compared with 2.7% forecast in the HYEFU. The revised data shows annual average growth has averaged 3.4% over the past 16 quarters (Figure 1).

GDP per capita growth was flat (0.0%) in the quarter, but up 1.0% on an annual average basis.

The mining industry made the largest contribution to growth in the quarter, showing a partial recovery following outages at Pohokura gas field. Pohokura's operators have signalled further shutdowns throughout 2019 suggesting it may take some time for the production to return to full capacity.

Construction activity fell, with the decline concentrated in heavy and civil construction, related to the Kaikōura earthquake road repairs winding down. Residential and non-residential construction both increased in the quarter.

Modestly weaker agricultural production following a strong June quarter contributed to weaker food production. Lower hydro-lake levels contributed to a decline in the value added output in the electricity, gas, water and waste services industry. Hydro generation contributes more value-added for a given amount of generation as no intermediate input is burned (e.g. gas or coal).

Real expenditure GDP grew 0.5% in the quarter, supported by higher private consumption. Residential investment also made positive a contribution. Business investment and public consumption fell. Nominal GDP expanded by 1.0% in the quarter.

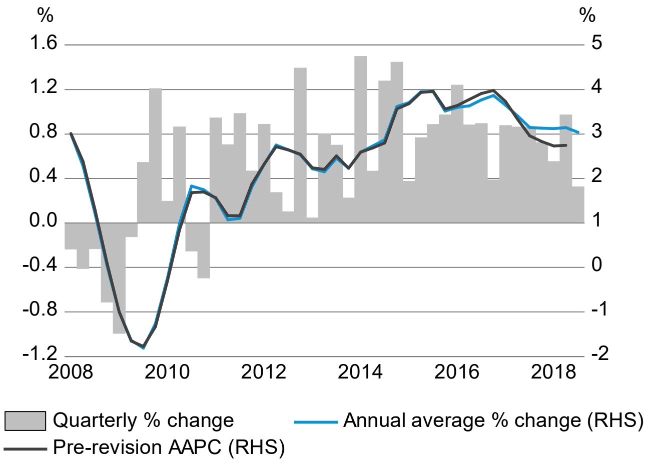
Outlook for Q4 GDP growth

The underlying drivers of the near term growth outlook remain consistent with the HYEFU. Government spending, ongoing strength in the labour market and solid, but slowing, growth abroad are expected to support the economy to grow broadly around trend.

Some temporary factors affecting the September quarter should unwind. The winding down of Kaikōura earthquake repairs should not continue to be a substantial drag on growth in the 2018 December quarter.

Weather conditions have been supportive for agricultural output and we expect some bounce-back in agricultural production as evidenced by solid milk production numbers over the past few months.

Figure 1: Quarterly real GDP grew 0.3% in September 2018



Source: Stats NZ

Residential building consents were broadly flat over the second half of 2018, following a surge in multiunit dwelling consents (these types of buildings tend to have a longer lag between consent and construction) over the first half of 2018. Residential investment should continue to expand in 2019.

December business confidence lifted

According to the Quarterly Survey of Business Opinion (QSBO) business confidence and experienced domestic trading activity recovered slightly in the December quarter, possibly reflecting a reversal in the downward trend seen throughout 2018.

Headline business confidence improved, with a net 18% of firms (up 10% from last quarter) expecting a deterioration in economic conditions over coming months (Figure 2). The measure of firms own domestic trading activity (a more reliable indicator of

GDP growth) showed a net 4% of firms experienced an increase in December (up from 0% last quarter), with a net 17% of firms expecting an increase in the coming quarter.

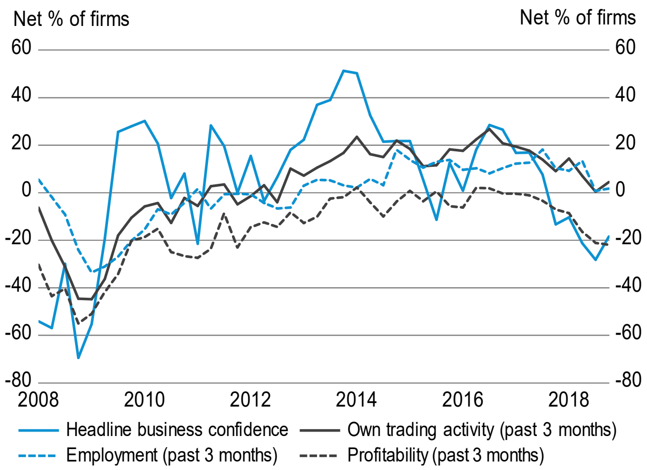
Investment intentions improved for plant and equipment and, to a lesser extent, buildings, although the latter remains in negative territory.

Hiring intentions point to continued strength in the labour market in 2019, whereas hiring experience over the past three months pointed to a more modest increase in employment in the December quarter, with a net 2% of firms reporting an increase in headcounts. Measures of labour shortages imply a very tight labour market with both difficulty finding skilled and unskilled workers reaching their highest levels since 2005.

The number of firms reporting an increase in average costs has been growing since 2016 however, non-tradables CPI inflation has been more muted suggesting firms are struggling to pass these costs onto the consumer. Consistent with this, a net 22% of firms reported worsening profitability in the December quarter, little changed from September.

The ANZ business confidence index also reflected an improvement in headline business confidence and own activity outlook. Business confidence improved 13% in the December month, with a net 24% of firms pessimistic about the year head. A net 14% of firms are optimistic about their own activity over the year ahead, compared with a net 8% in November. Consumer confidence has picked up, but remains below recent highs, pointing to moderate private consumption growth.

Figure 2: Business confidence improves



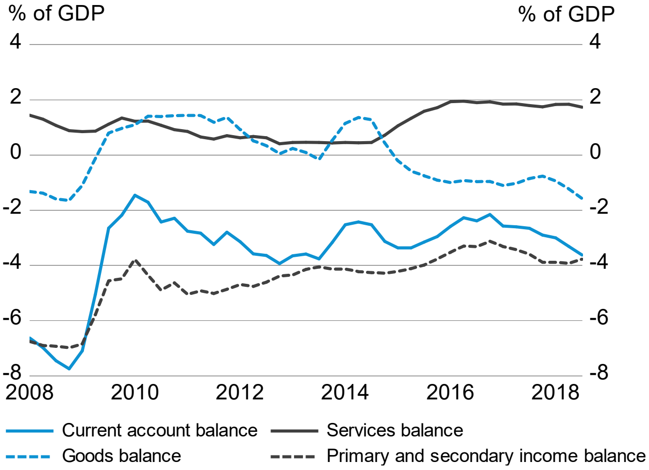
Source: NZIER

The annual current account deficit widened

The annual current account deficit widened from $9.5 billion (bn) (3.3% of GDP) in June to $10.5bn (3.6% of GDP) in September, slightly larger than the 3.5% expected at HYEFU (Figure 3).

The September quarter seasonally-adjusted current account deficit narrowed slightly, from $2.7bn to $2.6bn, driven by a narrower goods deficit. The goods deficit narrowed to $1.0bn from $1.4bn in the June quarter as exports growth of $0.8bn more than offset a $0.4bn increase in imports.

Figure 3: Annual current account deficit widens



Source: Stats NZ

Goods exports growth was largely attributed to increased dairy, meat and log export values, continuing from a strong June quarter. Imports growth was in large part due to increased imports of crude oil, which have resumed following the planned shutdown of the Marsden Point oil refinery over May and June.

The services surplus fell $0.3bn in the September quarter to $1.1bn. The main contributor to the fall was reduced expenditure by overseas visitors to New Zealand, although this was in part pay back from the June quarter's strong growth in visitor spending.

New Zealand's net international liability position (NIIP) increased to $156.2bn (53.7% of GDP) from $154.5bn (53.6% of GDP) with the value of New Zealand's international liabilities increasing more than the increase in assets over the quarter. The change in the NIIP was mainly attributable to net financial derivative valuation and net exchange rate changes.

December trade deficit widened

The December quarter trade deficit expanded 7.8% to $1.2bn, seeing the annual trade deficit reach a decade high at $5.9bn. Over the year to December 2018, high import growth (largely due to increased imports of fuel, on the back of higher oil prices) outstripped growth in exports. The sharp decline in oil prices seen over the December quarter and into January should help unwind some of these pressures. Strong growth in exports to China has underpinned much of the growth in exports over 2018, increasing our reliance on China as an export market.

On a seasonally adjusted basis, goods exports fell 0.5% in the December quarter, on the back of a $209 million (5.5%) decrease in the value of dairy exports. Dairy export volumes were up 4.7% in the quarter, implying a price fall of around 10%, which is consistent with the string of weak Global-Dairy-Trade auction results over the second half of 2018.

Goods imports rose 1.4% in the quarter, supported by a 3.2% increase in imports of machinery and plant, and a 1.4% increase in imports of transport equipment. Consumption goods rose 3.5% following a 4.6% increase in the previous quarter. The strength in consumption and capital goods imports points to solid domestic demand.

December annual CPI inflation at 1.9%

Annual inflation for the December 2018 quarter was unchanged from the September quarter at 1.9%, but below Treasury's HYEFU forecast (2.0%). Annual non-tradables inflation was 2.7%, up from 2.5%. Annual tradables inflation was 0.9%, down from 1.0%.

Quarterly CPI inflation printed at 0.1% in December. The largest negative contribution to quarterly inflation came from the standard seasonal decline in the food group (-0.2 points), followed by the communications group (-0.1 points). These were largely offset by positive contributions from the transport group (+0.2 points) and housing and household utilities group (+0.1 points).

Petrol prices contributed 0.5 points to annual headline inflation. The annual rise of 11.1% in petrol prices was due to a combination of higher fuel excise duties, higher global oil prices and a weaker New Zealand dollar.

On a quarterly basis, however, petrol prices fell 0.6% in December, despite an increase in the national fuel excise duty by 3.5 cents per litre on October 1. Over November and December petrol prices fell markedly due to a decline in global oil prices: West Texas intermediate fell from US$76 per barrel in October to a low of US$43 in December.

We expect inflation to be weaker over the next quarter as lower petrol prices flow through fully into tradables inflation. However, annual non-tradables inflation is expected to rise gradually as capacity pressures build.

Market expectations of the monetary policy outlook have shifted towards a reduction in the Official Cash Rate (OCR) by the end of 2019. Prior to the release of September quarter GDP markets had expected the next move in the OCR to be up.

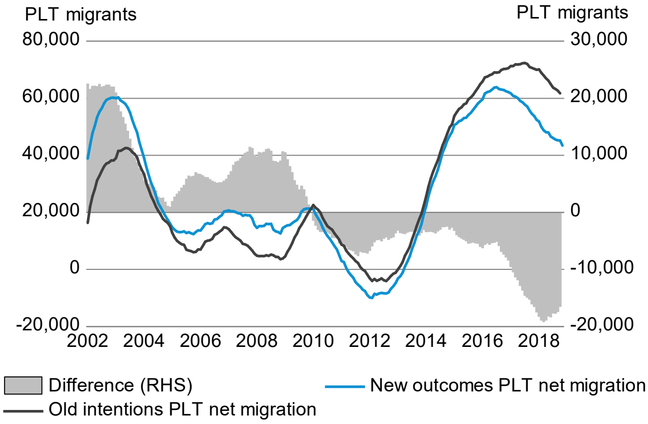
The shift in pricing may reflect a view that growth will not be sufficiently strong to drive inflation back to the 2.0% midpoint of the Reserve Banks inflation target band. Factors influencing a change in view include both the soft GDP outturn and growing risks to the international outlook and their potential implications for New Zealand.

Net migration inflows continued to ease

Stats NZ's new outcomes-based measure of permanent and long-term (PLT) migration shows that migration has continued to decline with annual PLT migration falling from 53,831 in the year to November 2017 to 43,416 in the year to November 2018. We expect migration to continue to decline over the next few years.

The outcomes measure uses estimated PLT migrant arrivals and departures based on actual and projected movements in and out of the country and length of stay. The new measure shows that annual PLT net migration has been lower than previously thought over the past few years. The old intentions-based measures (derived from departure and arrival cards) shows that PLT migration peaked in July 2017 at around 72,000. The outcomes-based measure shows net migration peaked a year earlier at around 65,000 (Figure 4). This earlier peak in the new measure is more consistent with house price growth coming off its peak in 2016 and slower private consumption growth since 2017.

Figure 4: Net migration inflows continue to ease



Source: Stats NZ

The extent to which the new migration figures impacts the economic outlook partly depends on how the new migration data affects other series produced by Stats NZ such as labour market statistics and the estimated resident population. We expect revisions to key population and economic statistics produced by Stats NZ as the outcomes immigration measure is more fully incorporated over coming months.

IMF lowers global growth outlook…

The IMF slightly lowered forecasts for global growth in the January *World Economic Outlook Update*. The global growth estimate for 2018 was unchanged at

3.7%, although signs of slower growth in recent months have led to downward revisions for several economies, most notably the euro area. Weakness in the second half of 2018 will carry over to coming quarters with global growth projected at 3.5% in 2019 and 3.6% in 2020, 0.2 and 0.1 percentage points below last October's projections. The IMF noted that the balance of risks remained tilted to the downside, citing an escalation of trade tensions, a no-deal Brexit and slower than expected growth in China as potential downside triggers.

The IMF do not specifically forecast GDP growth for New Zealand, Australia or our major South East Asian trading partners in the Update. However, forecasts for China and emerging and developing Asia were unchanged from October (Table 1).

Table 1: IMF growth forecasts

	Projections (change from October in brackets)		
	2018	2019	2020
World Output	3.7	3.5 (-0.2)	3.6 (-0.1)
Advanced Economies	2.3	2.0 (-0.1)	1.7 (nc)
USA	2.9	2.5 (nc)	1.8 (nc)
Euro Area	1.8	1.6 (-0.3)	1.7 (nc)
Japan	0.9	1.1 (0.2)	0.5 (0.2)
UK	1.3	1.5 (nc)	1.6 (0.1)
Asia	6.5	6.3 (nc)	6.4 (nc)
China	6.6	6.2 (nc)	6.2 (nc)

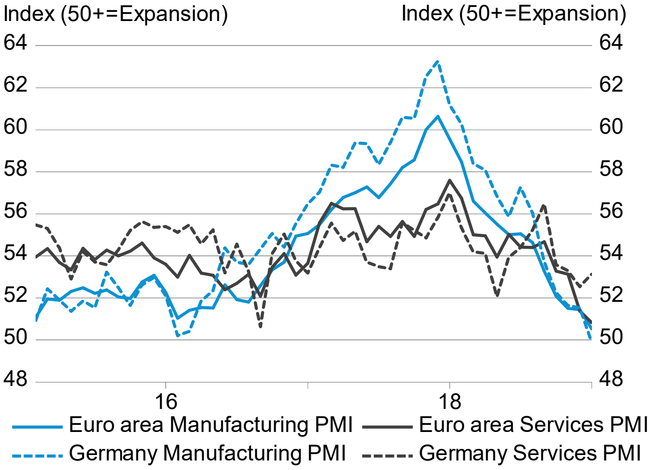
Source: Haver Analytics

Overall, the IMF's revised forecasts suggest that trading partner growth is slowing a little more quickly than anticipated in December's Half Year Update. The Half Year Update forecast growth in New Zealand's 16 main trading partners to slow from 4.0% in 2018 to 3.6% in 2019 and 3.5% in 2020. New Zealand export commodity prices have so far proven resilient.

…amid weak economic data from Europe…

The downward forecast revisions by the IMF were mainly concentrated in the euro area, where growth is now forecast to moderate from 1.8% in 2018, to 1.6% in 2019. November Industrial Production for the euro area came in weaker than expected (down 1.7% in November). Industrial Production data for Germany was also weaker than expected (down 1.9% in November), however partial December quarter GDP data for Germany pointed to a slight expansion over the quarter (following negative growth in the September quarter). Latest PMI readings in both the euro area and Germany also disappointed and continued to decline in January. The Markit Manufacturing PMI for Germany and the euro area fell to 49.9 and 50.5 respectively. The Markit Services PMI for the euro area fell to 50.8, but lifted in Germany to 53.1 (Figure 5).

Figure 5: Selected European PMIs



Source: Haver Analytics

…and slowdown fears in China

China's GDP eased to 6.6% in the December 2018 quarter. The outturn was in line with expectations and the key monthly figures on industrial production and retail sales suggested domestic demand had steadied in December. However, China's imports and exports fell sharply (down 7.6% and 4.4% over the year, respectively), likely reflecting trade tensions and a general softening in global demand. Chinese authorities have stepped up policy support measures over recent months, including tax cuts for certain industries and easing monetary policy through a lower Reserve Requirement Ratio. The measures are expected to stabilise growth. The IMF forecast China's growth to decline to 6.2% in 2019.

Uncertainty over Brexit continues in January

Following the defeat of the Withdrawal Agreement in UK Parliament earlier in the month, UK MPs have voted for Theresa May to return to Brussels to pursue further negotiations. Specifically, May will seek to replace the Irish backstop in her original agreement with "alternative arrangements". Brussels has said they will not re-negotiate. The outcome hasn't provided any more certainty and the UK still faces multiple exit scenarios, including a no-deal Brexit (where the UK would leave the EU with no trade deal in place). The deadline for Brexit is 29 March.

Uncertainty regarding the Brexit process has likely weighed on economic activity, with the CBI Business Optimism Index continuing to fall in Q1 of 2019. The labour market in the UK remains strong however, with the unemployment rate falling to 4.0% and wage growth lifting to 3.4% (y/y) in November.

US government shutdown likely to reduce growth

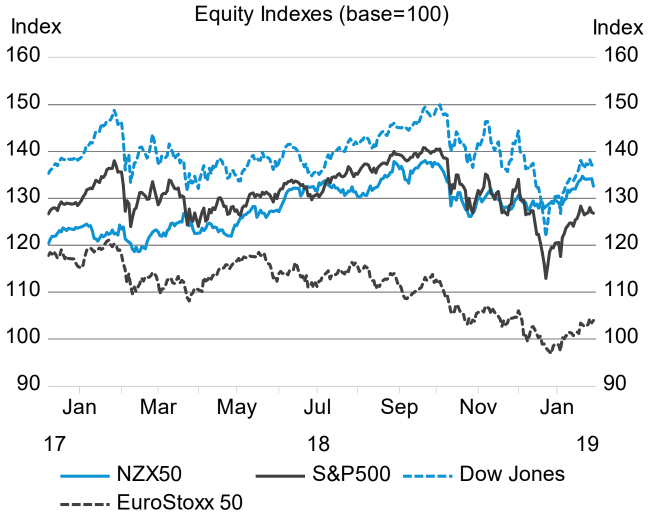
Coming into effect on Christmas Eve, the US Government entered into what has now become its longest shutdown on record. President Trump sought funding to build a wall on the US southern border, and was in deadlock with the Democrat-controlled lower-house for most of the month (President Trump refused to sign the Democrats' spending bill without border wall funding). The shutdown ended with the passage of a bill that temporarily reopened the government while both parties negotiate over wall funding. The bill will keep the government open until the 15 February.

The impacts of the shutdown have largely been internal within the US, and the economic effects may not appear in the data for months (the shutdown has delayed some key economic data releases). The Congressional Budget Office estimated the shutdown shaved off roughly US$3 billion of economic activity in the final quarter of 2018, and a further US$8 billion in the first quarter of 2019. This would shave 0.1% and 0.2% of GDP growth in each quarters respectively.

Markets make a positive start to the year…

After a volatile December month, equity markets made a generally positive start to the year (Figure 6). Factors supporting market sentiment include comments from Fed Chair Powell, who stated that the Federal Reserve would take a more patient approach to policy tightening. Powell also indicated that the Fed would not hesitate to adjust its quantitative easing policy as necessary (a stance that was reaffirmed at the January meeting). Markets in the US are no longer pricing in any rate hikes for 2019. In addition, US December quarter CPI (both headline and core measures) were in-line expectations. The core inflation outturn (2.2% y/y) is broadly consistent with the Feds inflation target and was met with no market reaction.

Figure 6: Selected Equity Market Indexes



Source: Haver Analytics

The lack of economic data flow in the US (due to the shutdown) may have also supported markets, as focus shifted to US earnings where many investment banks such as Goldman Sachs and Bank of America have beaten expectations (so far, 70% of corporates have beaten analyst expectations).

…against ongoing trade talks

US-China trade talks continued throughout January in the context of a 90-day truce, in which both countries have agreed not to implement any new tariffs. President Trump has said however that if the talks do not eventuate into anything meaningful, then the tariffs on US$200 billion of imports from China will rise from 10% to 25% on 1 March. Recent comments from the US Treasury Secretary, Steve Mnuchin, have been optimistic and China's Vice Premier Liu He and President Trump are meeting in Washington this week. A trade deal between the two countries would likely provide a major boost to markets, given that it has been a key source of volatility over the last couple of months.

…and central bank meetings

Aside from the Federal Reserve, there were also meetings from the European Central Bank (ECB), the Bank of Japan (BoJ) and the Bank of Canada in January. As expected the ECB left monetary policy and forward guidance unchanged. The ECB noted that risks to growth had shifted from balanced to negative reflecting global trade tensions, Brexit, and volatility in financial markets. The ECB ended its quantitative easing program at the end of last year, although are still reinvesting proceeds from maturing bonds for 'an extended period time'.

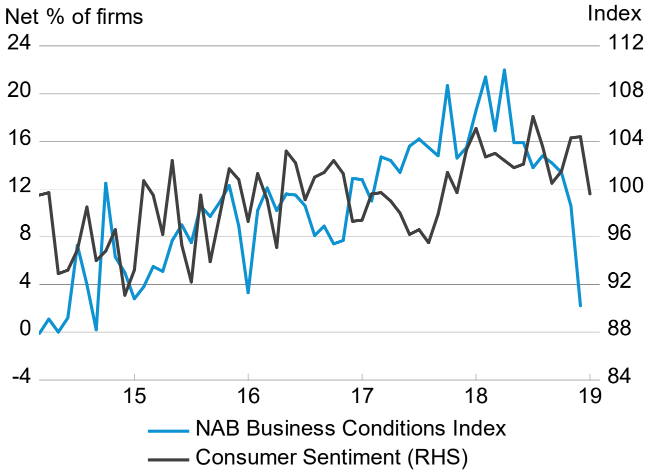
The Bank of Japan (BOJ) and the Bank of Canada also met and, as expected, both left policy settings unchanged and lowered their inflation forecasts.

Australian GDP growth slowed…

Australian GDP growth for the September quarter slowed to 0.3%, well below market expectations of 0.7%. Growth was 2.8% on an annual average basis. The weakness was largely due to softer private consumption.

More recently, surveys of business and consumer sentiment continued to deteriorate. The NAB Business Survey showed a sharp fall in business conditions in December. The Business Conditions Index sits at 2 and is down 9 points from November. The Melbourne Institute and Westpac Consumer Sentiment Index deteriorated in January, falling to 99.6 (Figure 7).

Figure 7: Australian Business and Consumer Sentiment



Source: Haver Analytics

Weakening private consumption and consumer sentiment possibly reflects the large falls seen in Australian house prices over the second half of 2018. Dwelling prices in Australia fell 4.8% on an annual basis in December, with prices in capital cities falling 6.1% (Sydney prices are down 8.9% and Melbourne prices are down 7.0%).

Although global property prices can sometimes be correlated, it is unlikely that the falls in Sydney will flow through to the New Zealand property market. This is because falls in the Australian housing market have been driven by regional specific factors such as credit tightening (mostly from prudential regulation, but also following Hayne Royal Commission) and an element of over-supply in Melbourne and Sydney markets.

…despite strength in Australia's labour market

Meanwhile, employment growth grew by 21,600, well above market expectations of an 18,000 increase. This saw the unemployment rate fall to 5.0%, below expectations of a flat outturn at 5.1%. Despite this strength, annual employment growth eased to 2.2%.

Australian CPI inflation was 0.5% in the December quarter of 2018, bringing annual inflation down to 1.8% (from 1.9% in the September quarter). The RBA is expected to remain on hold for a considerable period of time.

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

		2017Q1	2017Q2	2017Q3	2017Q4	2018Q1	2018Q2	2018Q3
Gross Domestic Product (GDP)								
Real production GDP	qtr % chg[1]	0.9	0.9	0.9	0.7	0.6	1.0	0.3
	ann ave % chg	3.6	3.4	3.2	3.1	3.1	3.1	3.0
Real private consumption	qtr % chg[1]	1.2	1.0	0.9	1.1	0.2	1.0	1.0
	ann ave % chg	5.8	5.6	5.1	4.7	4.0	3.7	3.4
Real public consumption	qtr % chg[1]	0.7	0.1	2.1	-0.3	0.5	1.4	-1.1
	ann ave % chg	2.1	2.7	3.0	2.9	2.8	3.1	2.3
Real residential investment	qtr % chg[1]	-0.9	-0.1	2.4	0.9	-0.6	1.0	1.3
	ann ave % chg	8.5	4.2	2.1	0.9	1.0	2.6	2.8
Real non-residential investment	qtr % chg[1]	0.4	2.0	1.9	3.7	1.5	-0.8	-2.1
	ann ave % chg	1.4	2.0	3.3	4.7	6.4	7.1	6.4
Export volumes	qtr % chg[1]	0.9	2.9	0.5	0.4	0.1	2.2	0.3
	ann ave % chg	1.3	0.2	0.3	1.8	3.0	3.6	3.8
Import volumes	qtr % chg[1]	1.6	0.7	2.7	3.5	1.1	1.2	-0.2
	ann ave % chg	5.1	6.1	6.3	6.9	7.1	7.9	7.8
Nominal GDP - expenditure basis	ann ave % chg	6.2	6.3	6.6	6.1	5.5	5.5	4.8
Real GDP per capita	ann ave % chg	1.5	1.2	1.0	1.0	1.0	1.1	1.0
Real Gross National Disposable Income	ann ave % chg	4.5	4.4	4.4	3.7	3.8	3.5	3.3
External Trade								
Current account balance (annual)	NZ$ millions	-6,947	-7,117	-7,370	-8,180	-8,540	-9,548	-10,539
	% of GDP	-2.6	-2.6	-2.7	-2.9	-3.0	-3.3	-3.6
Investment income balance (annual)	NZ$ millions	-8,409	-8,582	-9,218	-10,221	-10,343	-10,815	-10,556
Merchandise terms of trade	qtr % chg	3.9	1.1	1.3	1.4	-2.0	0.4	-0.3
	ann % chg	6.5	9.7	12.6	7.9	1.8	1.2	-0.5
Prices								
CPI inflation	qtr % chg	1.0	0.0	0.5	0.1	0.5	0.4	0.9
	ann % chg	2.2	1.7	1.9	1.6	1.1	1.5	1.9
Tradable inflation	ann % chg	1.6	0.9	1.1	0.5	-0.3	0.3	1.0
Non-tradable inflation	ann % chg	2.5	2.4	2.6	2.5	2.3	2.4	2.5
GDP deflator	ann % chg	3.7	3.1	3.8	3.4	1.3	2.1	0.9
Consumption deflator	ann % chg	1.6	1.3	1.6	1.6	0.7	1.2	1.8
Labour Market								
Employment (HLFS)	qtr % chg[1]	1.1	0.0	2.0	0.5	0.6	0.6	1.1
	ann % chg[1]	5.7	3.1	4.1	3.7	3.1	3.7	2.8
Unemployment rate	%[1]	4.9	4.7	4.7	4.5	4.4	4.4	3.9
Participation rate	%[1]	70.6	70.1	71.1	70.9	70.8	70.9	71.1
LCI salary & wage rates - total (adjusted)[5]	qtr % chg	0.4	0.4	0.6	0.4	0.3	0.5	0.5
	ann % chg	1.6	1.7	1.8	1.8	1.8	1.9	1.8
QES average hourly earnings - total[5]	qtr % chg	0.5	0.6	1.2	0.8	0.9	0.1	1.1
	ann % chg	1.5	1.6	2.2	3.1	3.5	3.0	2.9
Labour productivity[6]	ann ave % chg	-2.8	-1.6	-1.4	-0.4	0.0	-1.1	-0.7
Retail Sales								
Core retail sales volume	qtr % chg[1]	1.4	1.6	0.9	1.6	0.5	1.3	0.4
	ann % chg	4.9	5.2	5.2	5.6	4.6	4.5	3.7
Total retail sales volume	qtr % chg[1]	1.6	1.5	0.6	1.2	0.1	1.1	0
	ann % chg	5.4	5.8	4.6	5.4	2.8	3.1	2.7
Confidence Indicators/Surveys								
WMM - consumer confidence[3]	Index	112	113	112	107	111	109	104
QSBO - general business situation[4]	net %	17.1	17.8	5.2	-11.8	-10.7	-20.0	-30.4
QSBO - own activity outlook[4]	net %	20.6	18.4	35.2	18.7	10.9	6.9	18.9

Monthly Indicators

		2018M06	2018M07	2018M08	2018M09	2018M10	2018M11	2018M12
External Sector								
Merchandise trade - exports	mth % chg[1]	2.2	6.3	-5.7	7.8	-6.9	2.3	6.2
	ann % chg	4.0	15.5	7.8	12.1	5.9	6.4	-0.5
Merchandise trade - imports	mth % chg[1]	10.0	0.3	-3.3	9.4	-4.8	-2.4	0.4
	ann % chg	16.1	22.3	14.0	17.7	13.7	0.5	6.6
Merchandise trade balance (12 month total)	NZ$ million	-4206	-4501	-4894	-5309	-5776	-5508	-5858
Visitor arrivals	number[1]	310,980	313,580	323,360	318,680	331,950	339,000	...
Visitor departures	number[1]	316,660	306,970	318,750	321,360	331,720	332,030	...
Housing								
Dwelling consents - residential	mth % chg[1]	-7.9	-9.7	7.1	-1.3	1.4	-2.0	...
	ann % chg	9.1	-0.4	-2.9	-7.6	14.8	-4.4	...
House sales - dwellings	mth % chg[1]	-5.9	-0.8	3.2	-10.3	28.7	-7.7	-17.6
	ann % chg	1.3	4.9	5.3	-0.6	20.5	5.8	-12.9
REINZ - house price index	mth % chg	0.0	0.2	0.3	0.4	0.5	0.1	0.6
	ann % chg	3.8	4.8	4.0	4.0	3.8	3.1	3.3
Private Consumption								
Electronic card transactions - total retail	mth % chg[1]	0.8	0.3	1.1	1.0	0.0	-0.4	-2.3
	ann % chg	4.9	3.8	6.3	5.7	6.2	4.6	0.6
New car registrations	mth % chg[1]	-6.4	1.3	-1.5	-5.0	7.5	-8.5	-4.2
	ann % chg	-4.9	-0.7	-4.7	-10.8	-5.4	-17.9	-15.8
Migration								
Migrant arrivals	number[1]	11,700	12,140	12,380	12,630	12,830	13,100	...
Migrant departures	number[1]	8,290	8,320	8,990	9,460	9,330	10,620	...
Net migration (12 month total)	number	46,634	46,084	45,554	45,275	45,208	43,416	...
Commodity Prices								
Brent oil price	US$/Barrel	74.40	74.25	72.44	78.89	81.03	64.75	*57.36*
WTI oil price	US$/Barrel	67.33	70.97	67.99	70.20	70.76	57.00	*48.95*
ANZ NZ commodity price index	mth % chg	-1.0	-1.1	0.4	-1.1	-1.6	-4.2	-0.9
	ann % chg	7.5	8.6	8.9	5.9	1.6	-4.0	-2.2
ANZ world commodity price index	mth % chg	-0.9	-3.3	-1.1	-2.4	-2.4	-0.5	-0.2
	ann % chg	2.3	-0.2	-0.5	-3.6	-5.6	-5.1	-3.4
Financial Markets								
NZD/USD	$[2]	0.6941	0.6788	0.6671	0.6595	0.6530	0.6766	*0.6829*
NZD/AUD	$[2]	0.9265	0.9168	0.9100	0.9160	0.9186	0.9342	*0.9503*
Trade weighted index (TWI)	June 1979 = 100[2]	73.50	72.96	72.32	71.79	71.67	74.10	*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]	2.01	1.94	1.91	1.90	1.90	1.98	*1.98*
10 year govt bond rate	%[2]	2.90	2.81	2.64	2.60	2.62	2.69	*2.45*
Confidence Indicators/Surveys								
ANZ - business confidence	net %	-39.0	-44.9	-50.3	-38.3	-37.1	-37.1	-24.1
ANZ - activity outlook	net %	9.4	3.8	3.8	7.8	7.4	7.6	13.6
ANZ-Roy Morgan - consumer confidence	net %	120.0	118.4	117.6	117.6	115.4	118.6	121.9
Performance of Manufacturing Index	Index	52.8	51.3	52.3	52.1	53.8	53.7	55.1
Performance of Services Index	Index	52.9	55.0	53.5	54.1	55.3	53.4	53.0

1 Seasonally adjusted

2 Average (11am)

3 Westpac McDermott Miller

4 NZIER Quarterly Survey of Business Opinion

5 Ordinary Time

6 Production GDP divided by HLFS hours worked

Sources: Stats NZ; Reserve Bank of NZ; NZIER; ANZ; Haver; Westpac McDermott Miller; ANZ-Roy Morgan; REINZ; BNZ-Buisness NZ