

May 2019

Executive Summary

- ▶ **The Government released its first Wellbeing Budget**
- ▶ **Retail sales maintained momentum in the March quarter**
- ▶ **Annual trade deficit narrows and terms of trade improve**
- ▶ **Trade tensions escalate and weigh on global economic activity**
- ▶ **RBNZ and Reserve Bank of Australia ease monetary policy**

The *2019 Budget Economic and Fiscal Update* was released on Thursday, 30 May. The budget included net new operating spending of \$15.2 billion and net new capital expenditure of \$10.4 billion over the forecast period, compared with Budget 2018. This new spending is prioritised to support improved provision of mental health services, improved child wellbeing, Māori and Pasifika aspirations, investing in infrastructure, and improving productivity. Real GDP growth is forecast to average 2.6% per year across the forecast period to June 2023 while the unemployment rate is expected to decline to 4.0 in 2020 before gradually rising to 4.3% by 2023. A tight labour market adds to wage pressures over the forecast period and supports household spending.

Strength in retail sales carried through to the March quarter, with sales volumes increasing 0.7% in the quarter, following a 1.8% increase in December, and 3.3% over the year. Growth was broad-based across most storetypes, although falls were recorded in accommodation and pharmaceutical and other store-based retailing (which includes duty-free stores) that may reflect recent falls in visitor arrivals in February and March.

Auckland house prices continued their downward trend, falling 2.0% in April, to end up 4.4% down over the year to April. House prices outside of Auckland continued to rise, with national house prices up 1.3% on April last year. Building consents have fallen back over the past two months, but remain at historically high levels, 3.6% above the same time last year, that will support growth in residential investment through the rest of the year.

Business confidence lifted slightly in May, with a net 9% of firms now expecting their own activity to increase, although a net 32% still expect general business conditions to deteriorate in the year ahead. Consumer confidence fell slightly in May, although it remains close to its historical average level.

The annual trade deficit narrowed slightly in April, with strong dairy exports leading to exports growing faster (up 11.7%) than imports (up 7.3%). The terms of trade rose 1.0% in the March quarter as the 3.5% fall in import prices more than outweighed a 2.6% fall in export prices. Dairy prices fell 7.5% over the quarter, reflecting weaker *GlobalDairyTrade* auction prices in the latter part of 2018. Lower fuel prices were the main contributor to the decline in import prices, reflecting lower crude oil prices.

As widely expected, the Reserve Bank of New Zealand (RBNZ) reduced the OCR by 25 basis points to 1.5% in May, citing slower domestic and international growth, and weakening inflation pressure as reasons for the cut. It left loan-to-value ratio (LVR) restriction settings unchanged in its latest Financial Stability Report.

International trade tensions escalated this month, with the US government announcing new tariffs on China and Mexico. Trade tensions have weakened growth in many Asian economies over the first quarter of 2019 and continue to weigh on economic activity in both the US, China and Asia.

The Reserve Bank of Australia (RBA) lowered the cash rate by 25 basis points to 1.25% at their June meeting, in line with market expectations and amid weakening economic data. Partial indicators of March quarter GDP were weak in Australia, with retail sales, construction activity and private capital expenditure all falling in the quarter.

Analysis

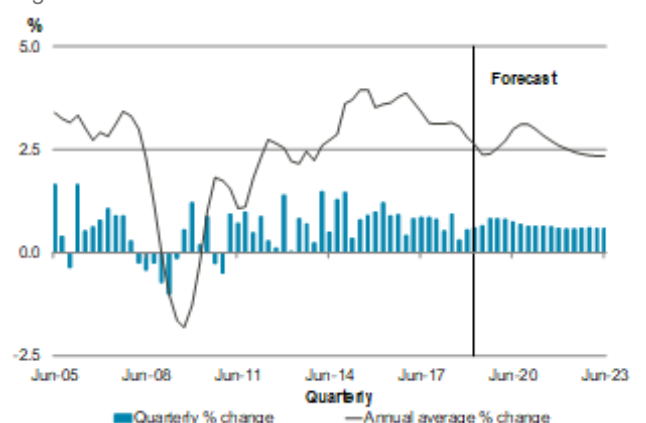
The Government released its first Wellbeing Budget, including an increase in operating and capital spending to support a range of prioritised initiatives. Retail sales momentum continued in the March quarter, following a strong December quarter. House price growth remained subdued with house prices in Auckland continuing their downward trend. Building consent issuance fell in April but remained near record highs. The terms of trade lifted as import prices fell more than export prices. Export volume growth coincided with a fall in import volumes over the quarter, which will have a net positive impact on March quarter GDP growth.

Increased spending in Budget 2019

The 2019 Budget Economic and Fiscal Update was released on Thursday, 30 May. Real gross domestic product growth is projected to average 2.6% per year across the five-year forecast period to June 2023 (Figure 1). The budget included net new operating spending of \$15.2 billion and net new capital expenditure of \$10.4 billion over the forecast period, compared with Budget 2018. This new spending is prioritised to support improved provision of mental health services, improved child wellbeing, Māori and Pasifika aspirations, investing in infrastructure, and improving productivity.

The unemployment rate is expected to decline to 4.0 in 2020 before gradually rising to 4.3% by 2023. A tight labour market and labour market policies are expected to add to wage pressures over the forecast period and support household spending. Inflation is expected to reach the midpoint of the Reserve Bank of New Zealand's target range of 1-3% by 2020. Core Crown tax revenue is expected to increase by \$25.4 billion over the five year forecast period, supported by growth in wages, employment, household spending and corporate profits.

Figure 1: Real GDP



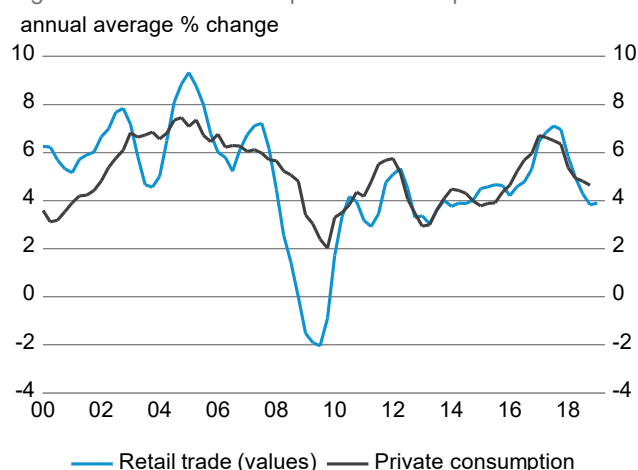
Sources: Stats NZ, the Treasury

Retail sales growth maintained momentum...

Retail sales values rose 0.2% (sa) in the March quarter, following 1.8% growth in the December quarter. On an annual basis, total retail sales values were up 3.7%, compared with 4.5% in the December quarter. Volumes rose 0.7% (sa) in the March quarter following a 1.7% increase in the December quarter. Of the core industries (which exclude fuel and motor vehicle spending), spending volume growth was broad-based across most store types with the largest declines coming from the pharmaceutical and other store-based retailing (which includes duty-free stores) and accommodation categories, reflecting a recent dip in international visitor numbers. Annual retail sales volumes rose 3.3%, following a 3.5% increase in the December quarter.

Retail sales comprise a large proportion of total private consumption (Figure 2) and this result supports our forecast of 0.6% real GDP growth in the March quarter to be released in June.

Figure 2: Retail sales and private consumption

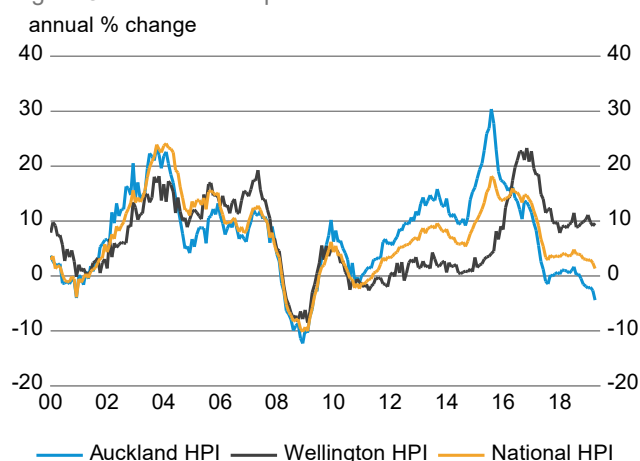


Sources: Stats NZ

...but house price growth remained subdued...

The national house price index fell 1.0% in April 2019 to be 1.3% higher than April last year (Figure 3). The Wellington region led the annual increase, up 9.6%. Auckland houses continued to their downward trend, falling 2.0% from March to end down 4.4% on a year ago. Median house prices in Auckland are now 3.5% lower than their \$880,000 peak in 2016, at \$850,000.

Figure 3: REINZ house prices

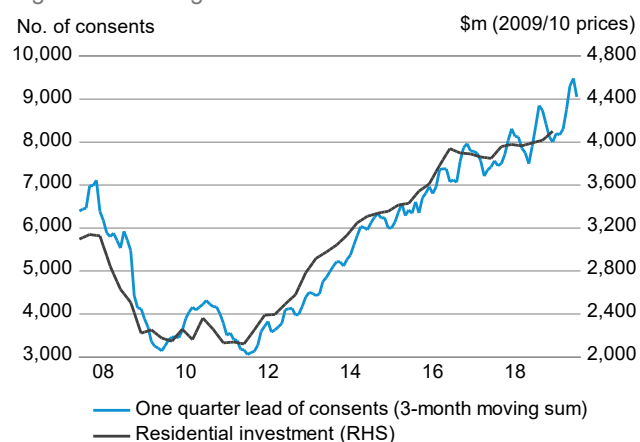


Sources: REINZ

...and building consents growth eased

Building consents fell 7.9% in April following a 7.4% fall in March. This drop was driven by the volatile multiunit category, but housing consents fell as well, down 4.2%. Despite recent falls, building consents remain at historic high level, and are expected to support growth in residential investment through the rest of the year (Figure 4), although capacity constraints in the construction sector may limit growth.

Figure 4: Dwelling consents and residential investment

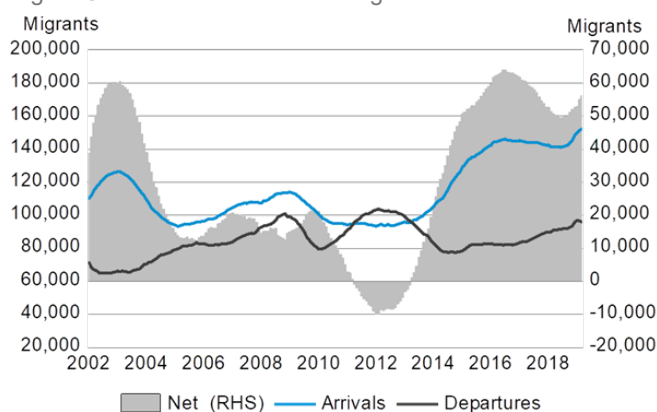


Sources: Stats NZ

Net migration starts to level off...

Annual net migration has continued to increase over recent months, albeit at a slower rate than previously estimated. Annual estimated net migration was 56,137 in March 2019, up from 50,628 in March 2018 (Figure 5), with non-New Zealand citizen arrivals driving growth.

Figure 5: Estimated annual net migration



Sources: Stats NZ

The most recent 6 months of data is subject to significant revisions as more information becomes available and Stats NZ revises its historical estimates. Estimates for the year ended October 2018 have become more certain. The provisional estimate of net migration for the year ended October 2018 is 51,200, down slightly from 54,600 the year prior, implying that annual net migration has levelled off.

Over the past few months, the number of overseas visitors has slowed on an annual average basis. This is consistent with what we heard in our recent round of Business Talks¹. Slowing growth in visitor arrivals is likely to weigh on the tourism sector and see a declining services trade balance. NZ-resident traveller departure numbers have been broadly flat.

Manufacturing sector grows...

BusinessNZ's Performance of Manufacturing Index (PMI) rose 1.0 point to 53.0 in April, suggesting continued expansion in this sector. However, the Performance of Services Index (PSI) fell 0.5 points to 51.8 in April from March, its lowest level since September 2012. As a result, the Combined Performance Index (PCI) remained broadly flat in April. The fall in the PCI over the past three months may indicate a potential slowdown in economic growth. A fall in electricity prices from unusually high levels last year contributed to a decline in producer input and output prices, down 0.9% and 0.5% respectively, in March.

...and business confidence lifted...

The ANZ Business Outlook Survey lifted 6 percentage points to a net 32% of respondents reporting that they expect general business conditions to deteriorate in the year ahead. Firms' view of their own activity rose by 2 percentage points to a net 9% expecting an improvement. Manufacturing is the most optimistic sector and construction is the least. Employment

¹ Please see the special topic at the end of the March 2019 MEI for our Business Talks write-up.

intentions fell 4 percentage points to 0, while profit expectations rose by 3 percentage points to a net 10% of firms expecting profits to decline. Investment intentions lifted 1 percentage point to a net 3% of firms expecting to lift investment.

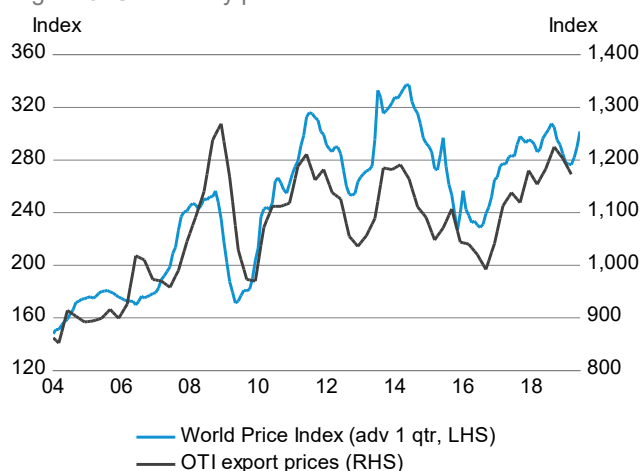
The ANZ-Roy Morgan Consumer Confidence Index fell 4 points in May to its lowest level in six months but remains fairly close to its historical average.

...while commodity prices remained strong...

The ANZ World Commodity Price Index rose 2.5% in April (Figure 6), driven by strong dairy and meat prices, as tight global supply translated to higher prices. Dairy prices rose 4.5% following a 9.6% increase in March while meat and fibre prices rose 3.8%.

Despite the recent strength in dairy prices, Fonterra lowered its milk price forecast for the 2018/19 season from \$6.30-\$6.60 to \$6.30-\$6.40 following weaker than expected pricing for skim and whole milk powder. Fonterra forecasts a milk price range of \$6.25-\$7.25 for next season, supported by resilient Chinese demand. Fonterra reported that New Zealand's milk production was down 10% in April compared to the same month last year as a result of dry conditions.

Figure 6: Commodity prices



Sources: ANZ, Stats NZ

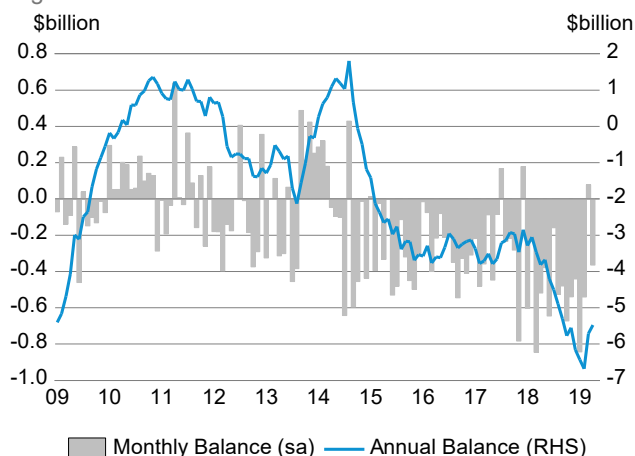
...and trade deficit narrowed

The annual trade deficit narrowed to from \$5.7 billion in March to \$5.5 billion in April as exports grew faster than imports (Figure 7). In the year to April, goods exports rose by 11.7% to reach \$5.5 billion, driven by dairy products, particularly milk powder, logs and kiwifruit. Strong dairy exports provided support for New Zealand exports, with continued strength in both volumes and prices over the year.

Goods imports rose 7.3% to \$5.1 billion, mainly due to a large increase in aircraft and parts. The rise was partly offset by a fall in motor vehicle imports.

China remains a key driver of export growth, with annual goods exports to China having now reached \$15 billion, and China now accounting for around 25% of our goods exports. Chinese demand for meat products has been bolstered recently by the culling of large numbers of pigs in China following an outbreak of African Swine fever, which has reduced the supply of pork products and consequent demand for other proteins.

Figure 7: Overseas Merchandise Trade Balance



Sources: Stats NZ

The terms of trade rose 1.0% in the March quarter as the 3.5% fall in import prices more than outweighed a 2.6% fall in export prices. Dairy prices fell 7.5% over the quarter, reflecting weaker Global Dairy Trade auction prices in the latter part of 2018. Lower fuel prices were the main contributor to the decline in import prices, reflecting lower crude oil prices.

The Reserve Bank lowered the OCR...

The Reserve Bank of New Zealand (RBNZ) reduced the OCR by 25 basis points to 1.5%, citing slower domestic and international growth, and weakening inflation pressure as reasons for the cut. The Bank reiterated that employment is roughly around its 'maximum sustainable level'.

...LVR restrictions remain unchanged

The Reserve Bank has left loan to value ratio (LVR) restriction settings unchanged in their latest Financial Stability Report, citing high levels of household debt and the importance of maintaining a sound and efficient financial system.

Trade tensions escalate...

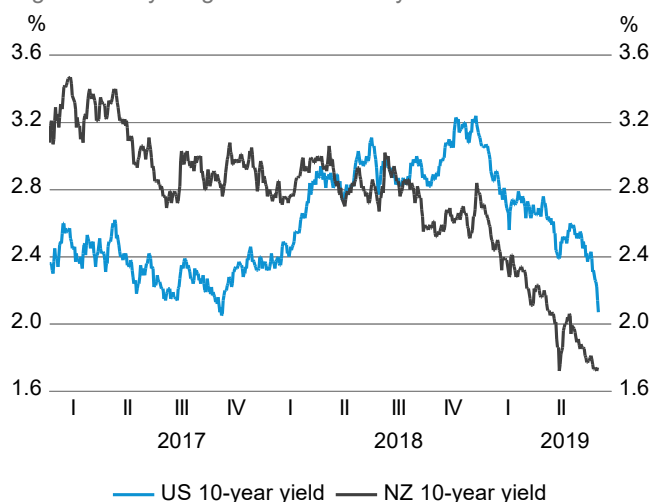
Trade tensions escalated significantly this month after the US increased tariffs from 10% to 25% on US\$200 billion of Chinese imports. The US now has tariffs of 25% on US\$250 billion of Chinese imports. The US is also considering further tariffs of 25% on remaining Chinese imports. China has since increased tariffs on US\$60 billion worth of US imports. Tensions between

the two countries were further inflamed when the US restricted Huawei's access to the US market (although the US has since announced a 90-day reprieve). In retaliation, Chinese authorities have suggested that they may restrict exports of rare earth minerals, which are used to produce a range of electronic goods.

The US Government announced it will impose tariffs of 5% on all Mexican imports (worth around US\$350 billion) from June 10. The tariffs will rise by 5% each month until reaching 25% unless Mexico imposes measures to stem the flow of migrants entering the US. In addition, the US government announced that from 5 June, India will no longer be recognised as a 'beneficiary developing country', effectively cancelling the tariff exemption on Indian products.

The escalation in trade tensions has led to volatility in financial markets. The US 10-year government bond yield declined to 2.1%, the lowest level since 2017 (Figure 8). The New Zealand 10-year government bond yield reached a record low of 1.7%. The recent falls in bond yields reflect reduced risk appetite on the part of investors and expectations of possible further monetary easing globally.

Figure 8: 10-year government bond yields



Source: Haver analytics

...and have weighed on activity in the US...

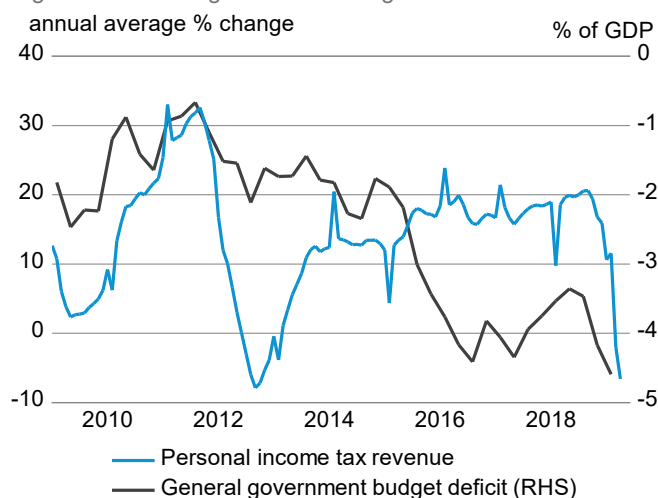
Annual growth in US industrial production slowed sharply in April, from 2.2% to 0.9%. Annual growth in retail sales also eased in April, from 3.8% to 3.1%. The data points to a softer pace of growth for the June quarter, but is prone to substantial revisions.

The manufacturing ISM index fell to 52.1 in May, from 52.8 in April, the lowest level since 2016. Anecdotes from survey respondents generally reflected concerns about escalating trade tensions. Encouragingly, the new orders index (an indicator of domestic demand) picked up.

...China...

Chinese exports fell 2.7% in April from the same month last year; a sign that trade tensions are weighing on global trade. Chinese industrial production and investment weakened in April, but these data tend to be noisy. Annual growth in retail sales also slowed in April, from 8.7% to 7.2%, despite policy stimulus over recent months, including tax cuts (Figure 9). Rising trade tensions suggest that further stimulus may be needed to support Chinese growth over the year ahead.

Figure 9: Chinese government budget deficit



Source: China National Bureau of Statistics

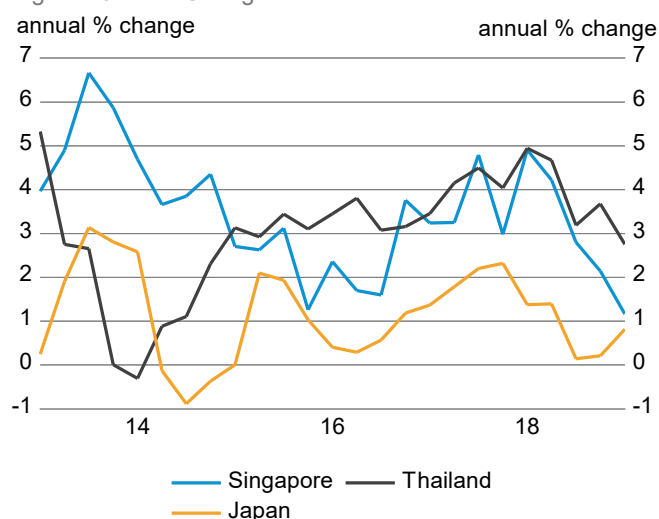
...and other Asian economies

Annual GDP growth in Japan rose to 0.8% in the March quarter 2019, from 0.2% in the December quarter (Figure 10). Despite the pick-up in the headline figure, exports, private investment and private consumption (all previous drivers of growth) had negative contributions to the March quarter outturn. Weaker domestic momentum and escalating trade tensions, as well as the possibility of a consumption tax hike, pose risks to the outlook for growth over the rest of the year.

In Thailand, annual GDP growth for the March quarter 2019 was 2.8%, down from 3.7% in the December quarter. Reflecting the impact of trade tensions, exports of goods fell 5.4% on an annual basis. The sluggish March quarter and ongoing downside risks from global trade point to an ongoing slower pace of growth over the year ahead.

In Singapore, annual March quarter GDP growth slowed to 1.2%, following growth of 2.1% in the December quarter. Manufacturing activity weighed on growth in the wake of US-China tensions. The Singaporean authorities revised the mid-point of their 2019 GDP forecast range to 2.0% from 2.5% previously.

Figure 10: Real GDP growth



Source: Haver Analytics

March quarter GDP growth continued to moderate in Indonesia, the Philippines and Malaysia, on the back of ongoing trade tensions between the US and China. The Philippines' central bank has announced it will ease monetary policy.

The RBA lower the cash rate...

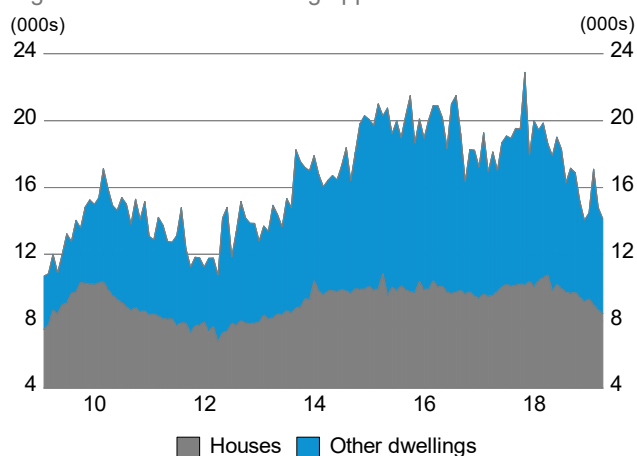
The RBA lowered the cash rate by 25 basis points to 1.25% at their June meeting, in line with market expectations. Governor Lowe has signalled that further cuts are possible, noting that the downside risks stemming from international trade disputes have increased.

...amid weak economic data

Partial indicators of March quarter GDP were weak in Australia. Retail sales volumes fell 0.1% following a flat outturn in the December quarter 2018. Construction activity continued to fall, down 1.9%, following a 2.1% fall in the December quarter 2018. Private capital expenditure also fell, down 1.7%, following a 1.3% rise in the December quarter. Markets expect March quarter GDP growth of 0.5%.

Australian building approvals fell 4.7% in April, following a 13.4% fall in March. The fall continues to be driven by multi-unit dwellings. On an annual basis, dwelling approvals are down 24.2% (Figure 11). Monthly retail sales fell 0.1% in April, from 0.3% in March. On an annual basis, sales growth slowed to 2.8%, from 3.5%.

Figure 11: Australian building approvals



Source: Australian Bureau of Statistics

March quarter activity improves in Europe...

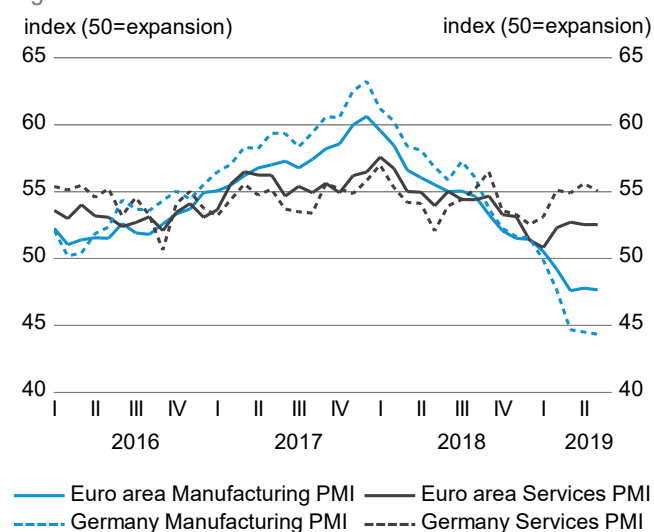
March quarter GDP for the UK grew 0.5%, up from 0.2% in the December quarter, reflecting positives from mild weather, lower oil prices and Brexit stockpiling. June quarter growth may be weaker as these temporary factors reverse.

German industrial production continued to rise in March, up 0.5%, from a 0.4% rise in February, but fell to -0.8% on an annual basis, from 0.1%. Renewed trade tensions add uncertainty to the outlook for industrial production in Germany.

...but June quarter indicators point to softer growth

Manufacturing and services activity indicators for the euro area continued to track broadly sideways in May, but remain at low, contractionary (a reading below 50) levels (Figure 12).

Figure 12: Euro area PMIs



Source: IHS Markit

The UK Manufacturing PMI fell to 49.4 in May, from 53.1 in April. The new-orders sub component (a measure of demand) fell to 48.6. Brexit related uncertainty is likely to be impacting manufacturing sentiment in the UK.

In addition, German unemployment increased for the first time since 2013. The unemployment rate lifted from 4.9% to 5.0% in May. Although this outturn could represent monthly volatility, it may be an indication that the slowdown in the economy is filtering through to the labour market.

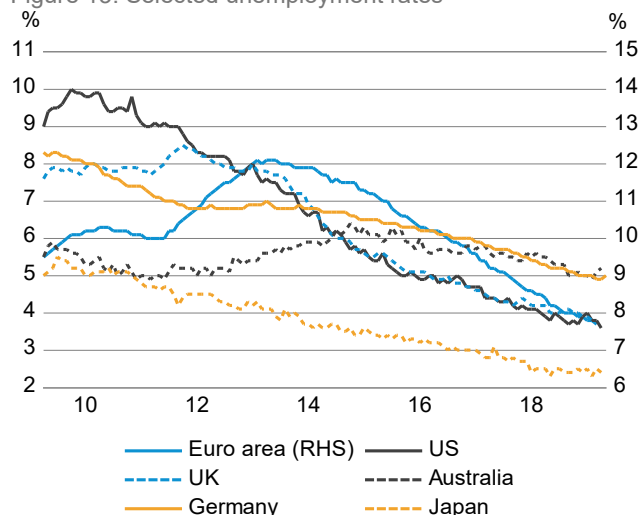
...amid political uncertainty ...

UK Prime Minister Theresa May announced her resignation, adding further uncertainty to the Brexit process. The European Parliamentary Elections saw centre-right and centre-left political groups losing their combined majority in the face of strengthened Green, populist and nationalist parties. Pro-EU parties largely held their ground in the elections, which supported market sentiment in Europe.

Global labour markets remain tight

Despite small upticks in unemployment in both Germany and Australia, many labour markets around the world remain tight and unemployment continues to trend downward (Figure 13). In April, the US unemployment rate fell to 3.6% (from 3.8%), the lowest rate since 1969, while unemployment in Japan fell from 2.5% to 2.4%. March quarter unemployment fell to 3.8%, from 3.9% in the UK and to 8.7%, from 8.8% in France.

Figure 13: Selected unemployment rates



Source: Haver analytics

The ongoing strength in these labour markets may ease fears of a global slowdown, stemming from increased trade tensions; however, labour markets tend to lag other measures of economic activity.

...while inflation remains subdued...

Despite strong labour markets, inflationary pressure around the world remains subdued. Annual March quarter CPI inflation in Australia eased to 1.3%, from 1.8% previously. The weakness was driven by lower fuel prices, which fell 8.7% in the quarter, on the back of lower global oil prices, but are expected to bounce back in the June quarter.

Annual US CPI inflation increased to 2.0% in April, from 1.9% in March. Core inflation increased to 2.1% from 2.0%, but weakened on a monthly basis.

Annual inflation in Germany eased to 1.3% in May, from 1.9% in April. Inflation in the euro area fell to 1.2% in May, from 1.7% in April. Inflation in the UK was 2.2% in April, from 1.9% in March.

...and expectations of more accommodative monetary policy build

Amid increasing trade tensions and subdued inflationary pressure, expectations of more accommodative monetary policy have been growing. By the end of 2019, markets expect two cuts from the RBA and the Federal Reserve, and monetary policy expectations are negative in Canada, the Eurozone and the UK.

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

| | | 2017Q3 | 2017Q4 | 2018Q1 | 2018Q2 | 2018Q3 | 2018Q4 | 2019Q1 |
|---|------------------------|--------|---------|---------|---------|---------|---------|--------|
| Gross Domestic Product (GDP) | | | | | | | | |
| Real production GDP | qtr % chg ¹ | 0.9 | 0.8 | 0.5 | 0.9 | 0.3 | 0.6 | ... |
| | ann ave % chg | 3.1 | 3.1 | 3.1 | 3.2 | 3.1 | 2.8 | ... |
| Real private consumption | qtr % chg ¹ | 0.8 | 1.1 | 0.2 | 1.0 | 1.0 | 1.3 | ... |
| | ann ave % chg | 5.1 | 4.7 | 4.0 | 3.7 | 3.5 | 3.3 | ... |
| Real public consumption | qtr % chg ¹ | 2.2 | -0.5 | 0.4 | 1.3 | -0.5 | 0.7 | ... |
| | ann ave % chg | 3.0 | 2.9 | 2.8 | 3.1 | 2.3 | 2.2 | ... |
| Real residential investment | qtr % chg ¹ | 2.9 | 0.5 | -0.3 | 0.7 | 0.6 | 2.1 | ... |
| | ann ave % chg | 2.1 | 0.9 | 1.0 | 2.6 | 2.5 | 2.7 | ... |
| Real non-residential investment | qtr % chg ¹ | 2.2 | 3.3 | 1.7 | -0.8 | -1.9 | 1.3 | ... |
| | ann ave % chg | 3.3 | 4.7 | 6.4 | 7.1 | 6.4 | 4.3 | ... |
| Export volumes | qtr % chg ¹ | 0.8 | 0.5 | -0.1 | 2.0 | -0.3 | 1.1 | ... |
| | ann ave % chg | 0.3 | 1.8 | 3.0 | 3.6 | 3.6 | 3.0 | ... |
| Import volumes | qtr % chg ¹ | 2.7 | 3.5 | 1.2 | 1.2 | -0.9 | -0.7 | ... |
| | ann ave % chg | 6.3 | 6.9 | 7.1 | 7.9 | 7.6 | 5.5 | ... |
| Nominal GDP - expenditure basis | ann ave % chg | 6.6 | 6.2 | 5.7 | 5.7 | 5.0 | 3.9 | ... |
| Real GDP per capita | ann ave % chg | 1.0 | 1.0 | 1.0 | 1.1 | 1.1 | 0.9 | ... |
| Real Gross National Disposable Income | ann ave % chg | 4.4 | 3.7 | 3.8 | 3.5 | 3.3 | 2.8 | ... |
| External Trade | | | | | | | | |
| Current account balance (annual) | NZ\$ millions | -7,370 | -8,180 | -8,540 | -9,548 | -10,565 | -10,974 | ... |
| | % of GDP | -2.7 | -2.9 | -3.0 | -3.3 | -3.6 | -3.7 | ... |
| Investment income balance (annual) | NZ\$ millions | -9,218 | -10,221 | -10,343 | -10,815 | -10,557 | -10,085 | ... |
| Merchandise terms of trade | qtr % chg | 1.3 | 1.4 | -2.0 | 0.4 | -0.1 | -3.2 | 0.9 |
| | ann % chg | 12.6 | 7.9 | 1.8 | 1.2 | -0.3 | -4.8 | -2.0 |
| Prices | | | | | | | | |
| CPI inflation | qtr % chg | 0.5 | 0.1 | 0.5 | 0.4 | 0.9 | 0.1 | 0.1 |
| | ann % chg | 1.9 | 1.6 | 1.1 | 1.5 | 1.9 | 1.9 | 1.5 |
| Tradable inflation | ann % chg | 1.1 | 0.5 | -0.3 | 0.3 | 1.0 | 0.9 | -0.4 |
| Non-tradable inflation | ann % chg | 2.6 | 2.5 | 2.3 | 2.4 | 2.5 | 2.7 | 2.8 |
| GDP deflator | ann % chg | 3.9 | 3.3 | 1.4 | 2.2 | 1.1 | -0.1 | ... |
| Consumption deflator | ann % chg | 1.6 | 1.6 | 0.7 | 1.2 | 1.8 | 1.5 | ... |
| Labour Market | | | | | | | | |
| Employment (HLFS) | qtr % chg ¹ | 1.9 | 0.6 | 0.7 | 0.5 | 1.0 | 0.0 | -0.2 |
| | ann % chg ¹ | 4.1 | 3.7 | 3.1 | 3.7 | 2.8 | 2.3 | 1.5 |
| Unemployment rate | % ¹ | 4.7 | 4.5 | 4.4 | 4.4 | 4.0 | 4.3 | 4.2 |
| Participation rate | % ¹ | 71.0 | 70.9 | 70.9 | 70.9 | 71.0 | 70.9 | 70.4 |
| LCI salary & wage rates - total (adjusted) ⁵ | qtr % chg | 0.6 | 0.4 | 0.3 | 0.5 | 0.5 | 0.5 | 0.4 |
| | ann % chg | 1.8 | 1.8 | 1.8 | 1.9 | 1.8 | 1.9 | 2.0 |
| QES average hourly earnings - total ⁵ | qtr % chg | 1.2 | 0.8 | 0.9 | 0.1 | 1.1 | 0.9 | 1.2 |
| | ann % chg | 2.2 | 3.1 | 3.5 | 3.0 | 2.9 | 3.1 | 3.4 |
| Labour productivity ⁶ | ann ave % chg | -1.4 | -0.4 | 0.1 | -1.1 | -0.7 | 0.1 | ... |
| Retail Sales | | | | | | | | |
| Core retail sales volume | qtr % chg ¹ | 1.0 | 1.4 | 0.7 | 1.2 | 0.6 | 2.0 | 0.7 |
| | ann % chg | 5.2 | 5.6 | 4.6 | 4.5 | 3.7 | 5.0 | 3.9 |
| Total retail sales volume | qtr % chg ¹ | 0.8 | 1.1 | 0.2 | 0.9 | 0.3 | 1.7 | 0.7 |
| | ann % chg | 4.6 | 5.4 | 2.8 | 3.1 | 2.7 | 3.5 | 3.3 |
| Confidence Indicators/Surveys | | | | | | | | |
| WMM - consumer confidence ³ | Index | 112 | 107 | 111 | 109 | 104 | 109 | 104 |
| QSBO - general business situation ⁴ | net % | 5.2 | -11.8 | -10.7 | -20.0 | -30.4 | -17.3 | -28.8 |
| QSBO - own activity outlook ⁴ | net % | 35.2 | 18.7 | 10.9 | 6.9 | 18.9 | 19.4 | 0.4 |

Monthly Indicators

| | | | 2018M11 | 2018M12 | 2019M01 | 2019M02 | 2019M03 | 2019M04 | 2019M05 |
|---|------------------------------|--|---------|---------|---------|---------|---------|---------|---------|
| External Sector | | | | | | | | | |
| Merchandise trade - exports | mtth % chg ¹ | | 1.5 | 4.0 | -8.2 | 5.9 | 9.3 | -7.8 | ... |
| | ann % chg | | 5.3 | -4.0 | 1.6 | 5.9 | 16.7 | 11.7 | ... |
| Merchandise trade - imports | mtth % chg ¹ | | -2.4 | 1.2 | -1.0 | -0.1 | -1.2 | 0.1 | ... |
| | ann % chg | | 0.4 | 7.9 | 6.9 | 12.2 | -3.5 | 7.3 | ... |
| Merchandise trade balance (12 month total) | NZ\$ million | | -5556 | -6161 | -6433 | -6687 | -5713 | -5479 | ... |
| Visitor arrivals | number ¹ | | 337,430 | 327,610 | 326,630 | 321,500 | 329,520 | ... | ... |
| Housing | | | | | | | | | |
| Dwelling consents - residential | mtth % chg ¹ | | -1.7 | 4.8 | 13.0 | 1.5 | -7.4 | -8.0 | ... |
| | ann % chg | | -4.4 | 9.8 | 30.3 | 28.4 | 8.7 | -4.5 | ... |
| House sales - dwellings | mtth % chg ¹ | | -7.2 | -14.4 | 13.2 | -5.6 | -5.1 | -1.0 | ... |
| | ann % chg | | 6.3 | -8.5 | -0.6 | -6.6 | -10.1 | -11.5 | ... |
| REINZ - house price index | mtth % chg | | 0.1 | 0.4 | 0.1 | 0.7 | -0.3 | -1.0 | ... |
| | ann % chg | | 3.1 | 3.1 | 2.8 | 3.0 | 2.4 | 1.3 | ... |
| Private Consumption | | | | | | | | | |
| Electronic card transactions - total retail | mtth % chg ¹ | | -0.5 | -2.2 | 2.1 | 0.7 | -0.2 | 0.6 | ... |
| | ann % chg | | 4.6 | 0.6 | 3.5 | 3.4 | 0.7 | 4.5 | ... |
| New car registrations | mtth % chg ¹ | | -8.1 | -5.1 | 5.7 | 1.3 | -2.7 | 2.3 | ... |
| | ann % chg | | -17.9 | -15.8 | -12.1 | -3.9 | -2.9 | -0.5 | ... |
| Migration | | | | | | | | | |
| Migrant arrivals | number ¹ | | 13,280 | 14,830 | 13,090 | 12,880 | 12,620 | ... | ... |
| Migrant departures | number ¹ | | 8,300 | 9,440 | 8,270 | 7,130 | 7,600 | ... | ... |
| Net migration (12 month total) | number | | 52,093 | 52,586 | 52,935 | 55,065 | 56,137 | ... | ... |
| Commodity Prices | | | | | | | | | |
| Brent oil price | US\$/Barrel | | 64.75 | 57.36 | 59.41 | 63.96 | 66.14 | 71.26 | 71.29 |
| WTI oil price | US\$/Barrel | | 57.00 | 48.95 | 51.45 | 54.96 | 58.14 | 63.86 | 60.85 |
| ANZ NZ commodity price index | mtth % chg | | -4.4 | -0.7 | 2.6 | 2.0 | 4.1 | 4.2 | ... |
| | ann % chg | | -4.1 | -2.0 | 3.6 | 3.2 | 5.3 | 8.4 | ... |
| ANZ world commodity price index | mtth % chg | | -0.5 | -0.2 | 2.0 | 2.8 | 4.1 | 2.5 | ... |
| | ann % chg | | -5.1 | -3.4 | -2.2 | -2.2 | 0.6 | 2.1 | ... |
| Financial Markets | | | | | | | | | |
| NZD/USD | \$ ² | | 0.6766 | 0.6829 | 0.6776 | 0.6835 | 0.6832 | 0.6730 | 0.6563 |
| NZD/AUD | \$ ² | | 0.9342 | 0.9503 | 0.9479 | 0.9571 | 0.9651 | 0.9463 | 0.9445 |
| Trade weighted index (TWI) | June 1979 = 100 ² | | 74.10 | 74.73 | 73.59 | 74.14 | 74.24 | 73.23 | 72.26 |
| Official cash rate (OCR) | % | | 1.75 | 1.75 | 1.75 | 1.75 | 1.75 | 1.75 | 1.50 |
| 90 day bank bill rate | % ² | | 1.98 | 1.98 | 1.91 | 1.90 | 1.88 | 1.81 | 1.72 |
| 10 year govt bond rate | % ² | | 2.69 | 2.45 | 2.33 | 2.18 | 2.02 | 1.96 | 1.80 |
| Confidence Indicators/Surveys | | | | | | | | | |
| ANZ - business confidence | net % | | -37.1 | -24.1 | ... | -30.9 | -38.0 | -37.5 | -32.0 |
| ANZ - activity outlook | net % | | 7.6 | 13.6 | ... | 10.5 | 6.3 | 7.1 | 8.5 |
| ANZ-Roy Morgan - consumer confidence | net % | | 118.6 | 121.9 | 121.7 | 120.8 | 121.8 | 123.2 | 119.3 |
| Performance of Manufacturing Index | Index | | 53.4 | 54.7 | 52.9 | 53.4 | 52.0 | 53.0 | ... |
| Performance of Services Index | Index | | 53.4 | 53.0 | 56.4 | 53.5 | 52.3 | 51.8 | ... |

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; Haver; Westpac McDermott Miller; ANZ-Roy Morgan; REINZ; BNZ-Business NZ