

January 2020

## Executive Summary

- ▶ **Data released over December and January showed a more optimistic near term outlook for the domestic economy, but coronavirus poses new risk**
- ▶ **Businesses displayed reduced levels of pessimism, however sentiment remains negative**
- ▶ **Rising house prices, falling median days to sell and strong consent issuance are expected to produce sustained high housing market activity into 2020**
- ▶ **Improvement in global outlook set back by coronavirus outbreak**

The economy grew more strongly than expected in the September quarter of 2019 at 0.7%. Part of this came from a weaker base as June quarter GDP was revised down. This takes annual average real production GDP growth to 2.7% in the September quarter. Indicators of business sentiment and performance in the services and manufacturing sectors continue pointing to an easing in economic growth ahead.

The impact of the coronavirus outbreak in China is expected to manifest on the New Zealand economy initially through the tourism sector, with some impacts on merchandise trade if demand from China reduces. While the effects are modest at present, the situation is evolving and the final impact will depend upon the progression of the virus in coming weeks.

Consumers remain upbeat about the economy, contrasting business sentiment. Lower interest rates may be having an impact on household incomes, as electronic card spending growth increased 3.3% in the December quarter of 2019 compared to a year ago, although quarterly growth eased to 1.1% from the September quarter.

Annual headline inflation neared the Reserve Bank's 2.0% target mid-point in the December quarter, reaching 1.9%. Tradables prices surprised to the upside with 0.1% annual growth and 0.4% quarterly growth respectively. However various seasonal factors and the volatility of tradables prices means the strength observed in this quarter is unlikely to persist. Non-tradables prices continued to rise strongly at 3.1% in the year, driven by housing and household utilities. Housing rent price growth reached an 11-year high at 3.1% on an annual basis, driven by strong demand for housing.

The national housing market continued to show signs of resurgence as seasonally adjusted house prices rose 3.4% in the December 2019 quarter. Median days to sell continued to fall in December, indicating continued demand for houses nationally as low mortgage rates and reduced uncertainty around tax treatments related to capital gains take effect. Total annual building consents continued to rise, reaching a 45 year high in November 2019, which bodes well for continued growth in construction and residential investment.

The current account deficit was broadly as expected at 3.3% of GDP in the September 2019 quarter. Falling export volumes for dairy and rising imports contributed to a deterioration in the goods balance. However, dairy exports are expected to rebound from strong production in the season to date, with continued support for dairy prices as strong global demand continues.

The outbreak of coronavirus has intensified and authorities around the world are taking measures to control its spread. The impact on global activity will not be apparent until the full intensity of the outbreak is known. The impact on China is expected to be significant, but the impact on other countries is less clear. However, commentators expect the impact to be temporary and global growth to rapidly recover.

## Analysis

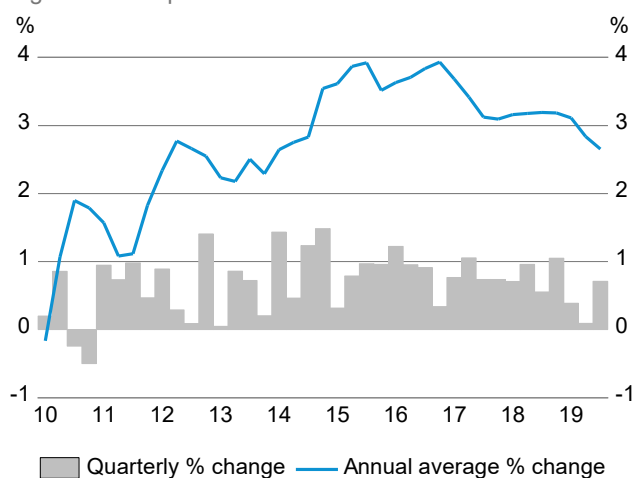
Domestic data over December and January showed tentative signs of an improving economy. GDP growth surprised to the upside, and measures of business sentiment improved but remain in negative territory. We continue to expect economic growth to ease ahead, supported by indicators of softening activity in the manufacturing and services sectors. However, consumers remain upbeat as low interest rates reduce household debt burdens to effectively boost household incomes. Low mortgage rates may also be contributing to renewed confidence in the housing market, where house prices rose solidly in the last quarter of 2019, and are expected to drive a pick up in residential investment, which has been weaker than expected recently. Commodity prices fell in the month but are expected to remain resilient as strong demand for our exports continues, contributing to a stable current account deficit.

The outbreak of coronavirus in China has intensified and authorities are implementing measures to control its spread. Growth in China is expected to slow significantly, but to rebound quickly following containment of the virus. Commentators continue to expect global growth to pick up in 2020.

### Higher than expected growth but easing ahead...

Real production GDP grew 0.7% in the September 2019 quarter. The result was stronger than our HYEFU 2019 forecast and market expectations, but comes after June GDP growth was revised down to 0.1% from 0.5% previously. The revisions took annual average growth to 2.7% (Figure 1), higher than previously reported but growth is still expected to slow.

Figure 1: Real production GDP



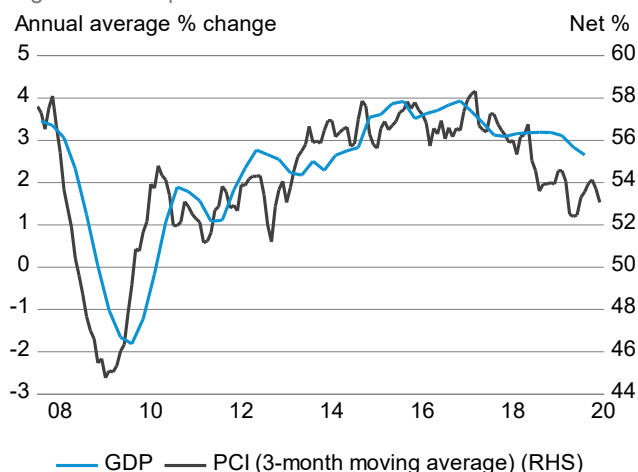
Source: StatsNZ

If quarterly growth evolves in line with our HYEFU forecasts (which average 0.6% per quarter), then economic growth is expected to slow to 2.0% on an annual average basis by March 2020.

### ...as performance indexes show signs of slowing...

The BNZ-BusinessNZ GDP-weighted Combined Performance Index (PCI) eased to 51.8 in December from 52.7 in November. With weakness from both the services and manufacturing sectors in the December quarter of 2019, economic growth may fall below 2.0% on annual basis (Figure 2).

Figure 2: Real production GDP and PCI



Sources: StatsNZ, BNZ-BusinessNZ

Weakness was evident in both constituent indices – the Performance of Services Index (PSI) and the Performance of Manufacturing Index (PMI), which fell 1 point and 1.9 points respectively. The PMI slipped back into contractionary territory while the PSI remained in expansionary territory at 51.9, but generated the weakest result since September 2012.

### ...but business sentiment improves

Businesses appear to have become more optimistic about the economic outlook in late 2019, as measures of business sentiment rose in the NZIER's Quarterly Survey of Business Opinion (QSBO) and ANZ's Business Outlook (ANZBO). However, business confidence levels still remain in negative territory and continue to indicate a further easing in economic growth, consistent with our HYEFU forecasts.

Seasonally adjusted business sentiment rose 9.2 points to -21.5 in the QSBO for the December quarter, corroborating two monthly increases in the ANZBO survey that took headline business confidence from -42.4 in October to -13.2 in December. Both surveys report that firms have become less pessimistic in terms of their own activity ahead, although the QSBO's measure of domestic activity in the past 3 months was flat from the September quarter at -11.2 from -11.4.

## Consumers remain upbeat about the economy...

Consumer confidence continued to rise in the December quarter, indicating that consumer demand remains resilient despite easing economic growth. The Westpac McDermott-Miller Consumer Confidence Index rose to 109.9 from 103.1 to be back around historic average levels. Households have become more optimistic about the economic outlook as interest costs have reduced, providing a boost to household incomes. The ANZ Roy-Morgan Consumer Confidence index showed a similar picture, rising 2 points to 123 to remain above its historical average of 120.

## ...although electronic card transactions growth eased...

Electronic card transactions fell 0.6% on a seasonally adjusted basis in December following a rise of 0.9% in November. Consumer spending patterns may have changed as influences from international sales events such as Black Friday and Singles Day pull holiday spending out of December and into November. Despite the decrease in the month, December quarter electronic card spending was up 1.0% from the September quarter, and up 3.3% on a year ago. Lower interest rates could be having an impact, with the proportion of respondents to ANZ's Roy-Morgan Consumer Confidence survey reporting that now is a good time to buy major household items recording a steady upward rise since October, rising from a net 36% to a net 44% of respondents in December.

## ...as inflation nears the 2.0% annual target

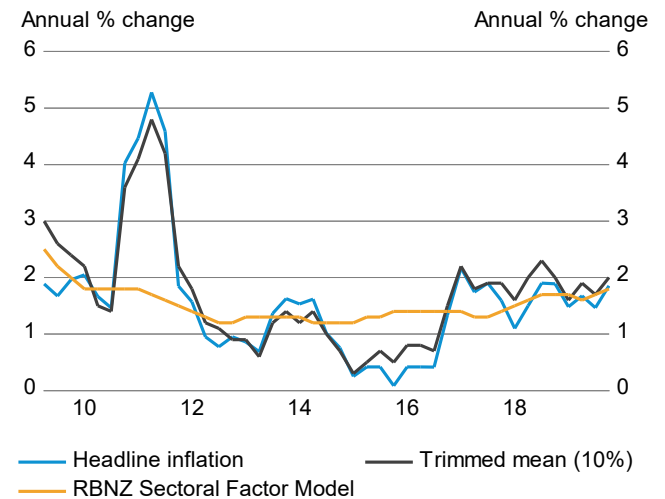
Consumer prices rose 0.5% from the September quarter to be up 1.9% on an annual basis in the December quarter. This result takes annual headline inflation close to the Reserve Bank's 2.0% mid-point target.

Tradables inflation surprised to the upside at 0.1% annually and 0.4% on a quarterly basis. Higher transport and accommodation costs provided a seasonal boost to December prices as service providers raised prices ahead of the holiday period. These seasonal factors are likely to drop out in the next quarter, to produce weaker quarterly tradables inflation in the March quarter of 2020.

Non-tradables prices came in as expected, rising 0.6% in the quarter to be up 3.1% on a year ago and nearly matching the 3.2% annual growth recorded in the September quarter. The cost of housing continues to drive up inflation, with rents rising 3.1% annually to reach an 11 year high.

Trimmed mean measures of inflation and the Reserve Bank's Sectoral Factor Model aim to estimate the level of core inflation in the economy. Both methods have indicated that core inflation has been rising (Figure 3), and with the economy performing stronger than expected, there may be upside risk to our HYEPU inflation forecasts.

Figure 3: Inflation measures of core inflation



Source: StatsNZ, RBNZ

## Housing market activity shows signs of resurgence...

Seasonally adjusted house prices rose 3.4% in the December quarter, the highest quarterly rise since the March 2016 quarter, according to the REINZ House Price Index. House price growth was broad-based across New Zealand, with price growth of 4.5% in Wellington and 2.0% growth in Christchurch. Median days to sell averaged 36 in the December quarter, down from 40 in November, indicating increased demand for houses. Low interest rates, increasing population and renewed confidence in the property market have raised housing market activity and we expect this to continue into 2020.

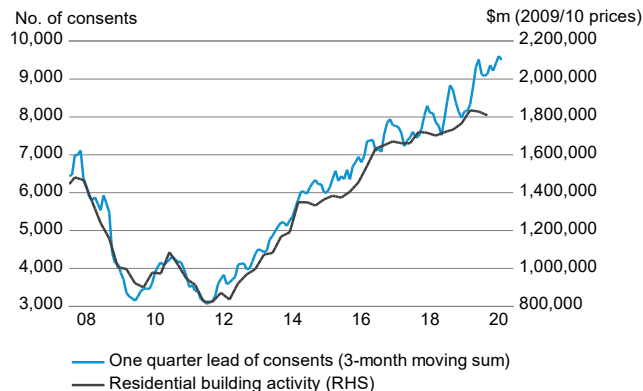
## ...with strong consent issuance setting records...

The number of building consents issued on an annual basis continued to grow strongly in the year to November 2019, reaching a 45-year high. This comes despite an 8.5% fall in consent numbers in November from October, with both multi-unit and standalone house consent numbers falling. Strong consent issuance over 2019 is expected to translate into higher building activity in 2020.

### ...boosting the volume of work put in place...

Residential building activity fell 1.1% in the September quarter, against our expectations of a rise. Residential building activity was up 4.4% on an annual basis, but has been easing all through 2019. However, building activity is expected to recover in the coming quarters given the high level of consent issuance, although capacity constraints in the construction sector may limit growth (Figure 4).

Figure 4: Building consents and residential investment

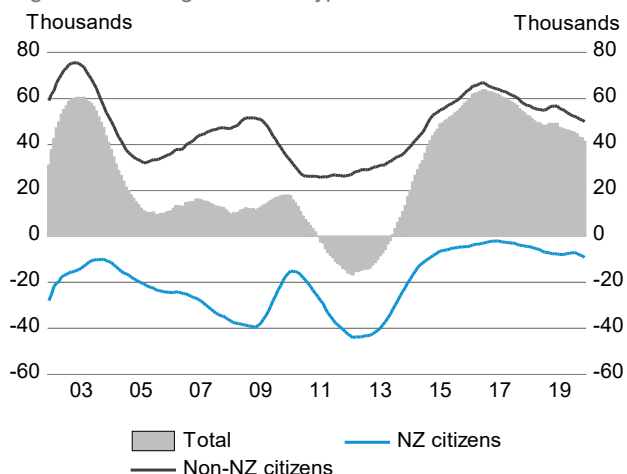


Source: StatsNZ

### ...but slower migration eases population growth

Net migration for the year ended May 2019 declined slightly by 300 (0.5%) to 46,100 compared to the 46,400 net arrivals in the year ended April 2019, continuing the steady fall-off in annual net migration we have seen since its peak of around 64,000 in mid-2016 (Figure 5).

Figure 5: Net migration and types of arrivals



Source: StatsNZ

This reduction of 9,400 net migrants from the level reported previously for the year ended May 2019 comes as a result of Stats NZ's improved linking methodology used in the estimation of net migration, and poses some downside risk to our HYEPU migration forecasts.

### Tourism takes a hit with easing visitor growth...

The pace of overseas visitor arrivals growth continues to slow, with average annual growth falling to 1.1% in November from 2.1% in October 2019. Compared with November 2018, arrival numbers are down 3.5% at 372,100. Easing growth in visitor numbers are expected to act as a drag on tourism growth, and the recent outbreak of coronavirus may place further pressure on tourism operators if it persists.

### ...as the current account deficit widens...

The annual current account deficit widened to \$10.3 billion in the September quarter, but was stable from the June quarter as a proportion of GDP at 3.3%. This result was in line with our HYEPU forecast. We expect the current account deficit to remain broadly stable at around 3.2% of GDP going into 2020.

The goods and services balances, and the international investment position all deteriorated while the income balance continued to improve. Falling export and rising import values led to a \$532 million fall in the goods balance. Dairy exports volumes fell 12.0% but are expected to recover given the solid on-farm milk production for the season to date. Meat exports volumes are also expected to remain strong on the back of an increased beef cattle herd and strong global demand.

### ...and commodity prices fell

The ANZ World Commodity Price Index fell 2.8% in December from November 2019 as prices for lamb, beef and kiwifruit weakened. However, beef prices remain 29.6% higher than they were a year ago, while lamb prices are up 13.2%. Dairy prices are up 21.3% on a year ago, and the effects of the Australian bush fires and a late monsoon in India are constraining milk production in those countries, limiting growth in global supply to support dairy prices going forward.

### New risks to global outlook...

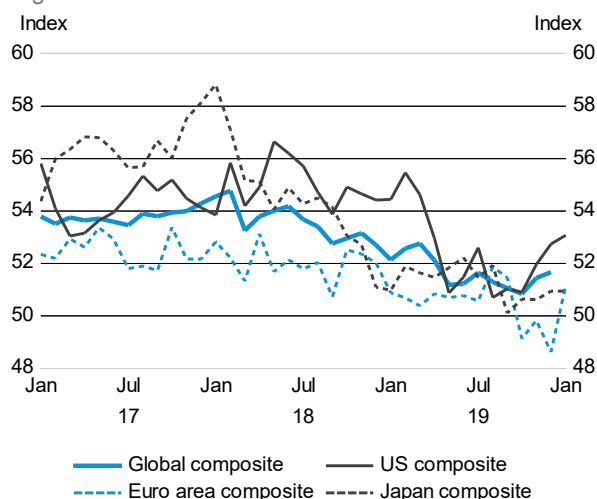
Global trade growth retreated in 2019 and monetary policy eased significantly, while global inflation remained low despite labour market tightness in major advanced economies. In the Half Year Economic and Fiscal Update (HYEPU) we expected trade headwinds to moderate in 2020 and monetary policy easing to generate a modest pick-up in trading partner growth over the second half of 2020. Developments in recent months have been largely consistent with this outlook.

Most notably, the “Phase One” economic and trade agreement between the United States (US) and China and the lower likelihood of a “no-deal” Brexit have lessened the extent of uncertainty and downside risk surrounding the outlook. That said, the coronavirus outbreak in China and the Australian bushfires will likely drag on trading partner growth in the short-run. In addition, some commentators are wary of renewed tensions as negotiations around Chinese state subsidies and cyber theft are dealt with as part of Phase Two, and national security issues related to technology proceed separately.

### IMF updates global outlook...

The IMF’s update to the October 2019 World Economic Outlook projects global growth to pick up from 2.9% in 2019 to 3.3% in 2020 and 3.4% in 2021. This is 0.1 percentage points (ppts) below the October projections in 2019 and 2020, and 0.2 ppts lower in 2021. The IMF notes that most of the downgrade is owed to downwards revisions in India because stress in the non-bank financial sector and a decline in credit growth are weighing on domestic demand.

Figure 6: Global sentiment stabilises

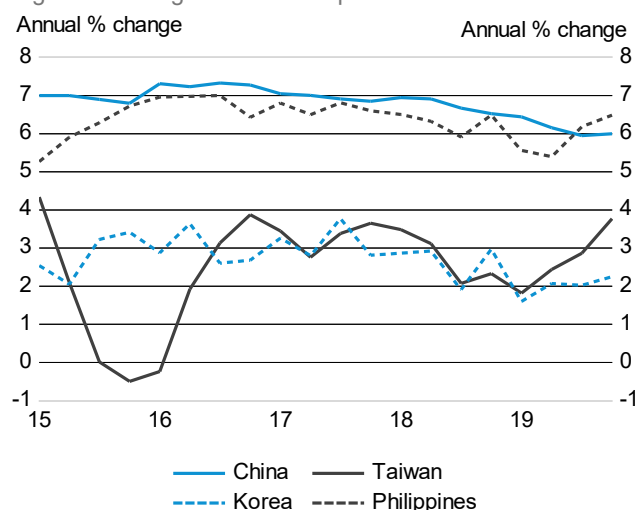


Source: Haver Analytics

The IMF also notes that leading indicators suggest the contraction in manufacturing activity is stabilising and service sector activity continues to expand. More recently, flash PMI’s released in January for the euro area, the US and Japan provide further signs of a pickup in activity (Figure 6).

In Asia, early December quarter GDP reports in China, Korea, Taiwan and the Philippines suggest a recovery in activity is underway (Figure 7).

Figure 7: Stronger December quarter data



Source: Haver Analytics

Encouragingly, the IMF observes that the effects of monetary easing and improved sentiment following the “Phase One” US-China trade deal, as well as diminished fears of a no-deal Brexit, have further reduced downside risk to global growth.

The IMF revised China’s real GDP growth 0.2 ppts higher for 2020 to 6.0% because Phase One of the US-China trade deal is likely to alleviate near-term weakness. However, China’s GDP growth was revised 0.1ppts lower for 2021 to 5.8% because “unresolved disputes on broader US-China economic relations as well as needed domestic financial regulatory strengthening are expected to continue weighing on activity”.

The IMF anticipates US real GDP growth to slow from 2.3% in 2019 to 2.0% in 2020 and 1.7% in 2021 as the fiscal stance returns to neutral. Growth in the euro area is forecast to pick up from 1.2% in 2019 to 1.3% in 2020 and 1.4% in 2021, supported by an improvement in external demand.

The IMF do not specifically forecast GDP growth for New Zealand, Australia or our major South East Asian trading partners in the Update.

### ...noting that downside risks remain prominent

According to the IMF, the principal downside risk factors to the global economy are rising US-Iran tensions, intensifying social unrest, higher tariff barriers between the US and its trading partners and weather-related disasters.

On the latter, the Bank for International Settlements (BIS) echoed the IMF’s focus on climate change catastrophes, which it labels “green swan” events, challenging central banks to integrate climate-related risk into financial stability monitoring.

In Australia, the intense bushfires occurring over December and January are expected to reduce GDP growth there by around 0.3 ppts, spread over the December and March quarters. Rebuild activity in subsequent quarters is expected to largely reverse this negative impact. Meanwhile, recent Australian data show consumer spending and business confidence have remained subdued, while the unemployment rate has declined for two consecutive months to 5.1% in December.

Inflation also remained below the Reserve Bank of Australia's medium-term 2% to 3% target, rising 1.8% in the December 2019 quarter, up from 1.7% in the previous quarter. Core inflation measures remained steady at a more subdued 1.6%.

### Phase One trade deal expected to displace imports...

The Phase One trade deal trims tariffs on some goods and obliges China to further open up and provide stringent protection for intellectual property and technology transfer as well as increasing its imports of US goods and services. In terms of increasing trade, China has agreed to purchase an additional US\$200 billion of specified US goods and services over 2020 and 2021, relative to 2017 levels, including an additional US\$32 billion of agricultural goods.

Commentators note that these artificial targets will impose additional costs and inefficiencies in goods trade as increased China imports from the US displace imports from other countries and US suppliers divert product from other markets. In addition, some observers question the ability of the US to meet the targets. US firms may need to invest in additional capacity for some goods, but may be reluctant to do so if the rise in imports is seen as temporary, that is, lasting only two years, or if they see the deal to be at risk of subsequently unravelling.

Agricultural and energy products are the most homogeneous of the goods included in the deal and therefore the most susceptible to substitution. Soybeans are China's largest agricultural commodity

import and commentators view South American suppliers as most likely to be displaced.

New Zealand's goods exports to China are dominated by meat (sheep and beef), dairy and wood, all of which are included in the agreement and are likely to be affected to some degree (Table 1). However, fact sheets published by the United States Trade Representative suggest the US has limited potential to increase meat and dairy exports. In addition, wood imports from New Zealand are a small proportion of total wood imports.

Table 1: New Zealand's goods trade with China

Major goods exports (year ended September 2019)	\$billion
Dairy	4.7
Wood	3.1
Meat	2.9
Fruit and other foodstuffs	1.8
Seafood	0.7
All other goods	2.7
<b>Total goods exports</b>	<b>15.9</b>

Source: StatsNZ

### ...and coronavirus is disrupting activity...

Meanwhile, the coronavirus outbreak in China is reducing activity in China and impacting other parts of Asia, particularly those countries who are highly exposed to Chinese tourism. However, it is impossible to know in advance the magnitude and duration of the crisis.

Many analysts have made comparisons to the severe acute respiratory syndrome (SARS) epidemic in 2003. While noting that it is too early to extrapolate, the relatively quick and substantial Chinese and global response to the new virus should help to minimise the economic impact. The experience from the 2003 outbreak suggests the economic fallout in China will be material, but transitory. This is also likely to be true in New Zealand, where tourist arrivals from Asia fell sharply in 2003, but subsequently rebounded.

**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

		2018Q1	2018Q2	2018Q3	2018Q4	2019Q1	2019Q2	2019Q3
<b>Gross Domestic Product (GDP)</b>								
Real production GDP	qtr % chg <sup>1</sup>	0.7	1.0	0.6	1.0	0.4	0.1	0.7
	ann ave % chg	3.2	3.2	3.2	3.2	3.1	2.8	2.7
Real private consumption	qtr % chg <sup>1</sup>	0.4	0.8	0.9	0.8	0.6	0.3	0.8
	ann ave % chg	4.4	3.9	3.6	3.2	3.1	3.0	2.9
Real public consumption	qtr % chg <sup>1</sup>	0.9	1.9	-0.1	1.2	1.0	0.7	1.3
	ann ave % chg	3.0	3.6	3.4	3.7	3.9	3.4	3.8
Real residential investment	qtr % chg <sup>1</sup>	-1.5	0.4	0.2	1.5	2.9	-0.3	-0.5
	ann ave % chg	-1.2	0.0	-0.1	0.1	1.4	2.2	3.3
Real non-residential investment	qtr % chg <sup>1</sup>	1.6	0.2	-1.5	1.4	2.0	-0.1	0.4
	ann ave % chg	10.8	12.0	10.8	7.6	4.7	2.6	2.3
Export volumes	qtr % chg <sup>1</sup>	-0.4	1.1	0.0	1.2	2.8	-1.0	-2.8
	ann ave % chg	3.6	3.9	3.5	2.6	2.8	2.9	2.6
Import volumes	qtr % chg <sup>1</sup>	1.3	1.1	-0.8	-0.1	0.5	0.0	2.3
	ann ave % chg	7.2	8.0	7.8	5.8	3.9	1.8	1.2
Nominal GDP - expenditure basis	ann ave % chg	6.9	6.7	5.8	4.5	3.9	3.6	3.8
Real GDP per capita	ann ave % chg	1.4	1.5	1.5	1.5	1.5	1.2	1.0
Real Gross National Disposable Income	ann ave % chg	3.7	3.4	3.4	3.1	2.8	2.6	2.4
<b>External Trade</b>								
Current account balance (annual)	NZ\$ millions	-8,136	-9,331	-10,563	-11,438	-10,801	-10,165	-10,280
	% of GDP	-2.8	-3.2	-3.6	-3.8	-3.6	-3.3	-3.3
Investment income balance (annual)	NZ\$ millions	-10,652	-11,197	-10,937	-10,591	-10,244	-9,854	-9,428
Merchandise terms of trade	qtr % chg	-2.0	0.4	-0.1	-3.2	1.0	1.4	1.9
	ann % chg	1.8	1.2	-0.3	-4.8	-1.9	-1.0	1.0
<b>Prices</b>								
CPI inflation	qtr % chg	0.5	0.4	0.9	0.1	0.1	0.6	0.7
	ann % chg	1.1	1.5	1.9	1.9	1.5	1.7	1.5
Tradable inflation	ann % chg	-0.3	0.3	1.0	0.9	-0.4	0.1	-0.7
Non-tradable inflation	ann % chg	2.3	2.4	2.5	2.7	2.8	2.8	3.2
GDP deflator	ann % chg	1.5	2.2	1.3	-0.1	1.1	1.9	2.5
Consumption deflator	ann % chg	0.8	1.2	1.8	1.5	1.4	1.5	1.3
<b>Labour Market</b>								
Employment (HLFS)	qtr % chg <sup>1</sup>	0.5	0.5	0.8	0.1	0.0	0.6	0.3
	ann % chg <sup>1</sup>	2.5	3.2	2.3	1.9	1.4	1.5	1
Unemployment rate	% <sup>1</sup>	4.3	4.5	4.0	4.3	4.2	3.9	4.2
Participation rate	% <sup>1</sup>	70.8	70.9	70.9	70.8	70.3	70.3	70.4
LCI salary & wage rates - total (adjusted) <sup>5</sup>	qtr % chg	0.3	0.5	0.5	0.5	0.4	0.7	0.8
	ann % chg	1.8	1.9	1.8	1.9	2.0	2.1	2.5
QES average hourly earnings - total <sup>5</sup>	qtr % chg	0.9	0.1	1.1	0.9	1.2	1.2	0.9
	ann % chg	3.5	3.0	2.9	3.1	3.4	4.4	4.2
Labour productivity <sup>6</sup>	ann ave % chg	0.6	-0.5	0.1	1.0	0.7	1.7	1.4
<b>Retail Sales</b>								
Core retail sales volume	qtr % chg <sup>1</sup>	0.7	1.2	0.5	2.0	0.8	0.3	1.8
	ann % chg	4.6	4.5	3.7	5.0	3.9	3.6	5.4
Total retail sales volume	qtr % chg <sup>1</sup>	0.2	1.0	0.2	1.7	0.9	0.2	1.6
	ann % chg	2.8	3.1	2.7	3.5	3.3	2.9	4.5
<b>Confidence Indicators/Surveys</b>								
WMM - consumer confidence <sup>3</sup>	Index	111	109	104	109	104	104	103
QSBO - general business situation <sup>4</sup>	net %	-10.7	-20.0	-30.4	-17.3	-28.8	-33.7	-39.6
QSBO - own activity outlook <sup>4</sup>	net %	10.9	6.9	18.9	19.4	0.4	-12.3	8.4

## Monthly Indicators

		2019M06	2019M07	2019M08	2019M09	2019M10	2019M11	2019M12
<b>External Sector</b>								
Merchandise trade - exports	mth % chg <sup>1</sup>	-0.2	-8.4	7.5	2.6	-3.1	7.0	...
	ann % chg	1.7	-7.8	2.2	2.5	3.7	7.6	...
Merchandise trade - imports	mth % chg <sup>1</sup>	-4.3	4.3	2.8	-0.8	-2.4	4.8	...
	ann % chg	-10.3	2.1	2.9	-2.6	-1.4	2.0	...
Merchandise trade balance (12 month total)	NZ\$ million	-4987	-5516	-5591	-5333	-5067	-4816	...
Visitor arrivals	number <sup>1</sup>	319,120	323,520	327,650	326,850	326,350	323,440	...
<b>Housing</b>								
Dwelling consents - residential	mth % chg <sup>1</sup>	-4.2	-1.2	0.8	6.9	-1.3	-8.4	...
	ann % chg	3.4	24.3	6.0	30.8	16.4	2.7	...
House sales - dwellings	mth % chg <sup>1</sup>	0.8	6.7	-6.1	2.0	9.1	-4.9	-0.3
	ann % chg	-0.5	6.9	-3.4	8.3	-0.3	0.4	12.3
REINZ - house price index	mth % chg	0.2	0.3	1.0	0.9	1.0	1.6	1.2
	ann % chg	1.7	1.5	2.7	3.2	3.8	5.6	6.6
<b>Private Consumption</b>								
Electronic card transactions - total retail	mth % chg <sup>1</sup>	0.3	0.0	1.2	0.3	-0.5	2.9	-0.8
	ann % chg	1.5	2.0	3.1	0.6	1.6	5.1	3.9
New car registrations	mth % chg <sup>1</sup>	-2.6	5.8	-1.7	4.3	-3.4	1.1	-0.1
	ann % chg	-11.0	-5.4	-5.2	4.7	-6.6	3.0	5.6
<b>Migration</b>								
Migrant arrivals	number <sup>1</sup>	11,360	11,320	11,810	11,790	12,430	12,350	...
Migrant departures	number <sup>1</sup>	8,030	7,580	8,290	8,980	9,030	9,740	...
Net migration (12 month total)	number	45,657	45,361	44,688	43,217	42,980	41,478	...
<b>Commodity Prices</b>								
Brent oil price	US\$/Barrel	64.22	63.92	59.04	62.83	59.71	63.21	67.12
WTI oil price	US\$/Barrel	54.65	57.44	54.82	56.96	53.98	56.95	59.81
ANZ NZ commodity price index	mth % chg	-4.5	-2.8	3.9	1.4	1.5	3.5	-5.5
	ann % chg	1.9	0.3	3.7	6.5	9.7	18.8	12.9
ANZ world commodity price index	mth % chg	-3.9	-1.4	0.3	0.0	1.2	4.3	-2.8
	ann % chg	-2.4	-0.5	0.9	3.4	7.2	12.4	9.4
<b>Financial Markets</b>								
NZD/USD	\$ <sup>2</sup>	0.6597	0.6684	0.6436	0.6342	0.6335	0.6399	0.6585
NZD/AUD	\$ <sup>2</sup>	0.9501	0.9567	0.9503	0.9321	0.9326	0.9371	0.9580
Trade weighted index (TWI)	June 1979 = 100 <sup>2</sup>	72.51	73.32	71.76	70.78	70.53	70.86	72.73
Official cash rate (OCR)	%	1.50	1.50	1.00	1.00	1.00	1.00	1.00
90 day bank bill rate	% <sup>2</sup>	1.60	1.56	1.25	1.15	1.06	1.18	1.23
10 year govt bond rate	% <sup>2</sup>	1.63	1.55	1.13	1.16	1.16	1.35	1.53
<b>Confidence Indicators/Surveys</b>								
ANZ - business confidence	net %	-38.1	-44.3	-52.3	-53.5	-42.4	-26.4	-13.2
ANZ - activity outlook	net %	8.0	5.0	-0.5	-1.8	-3.5	12.9	17.2
ANZ-Roy Morgan - consumer confidence	net %	122.6	116.4	118.2	113.9	118.4	120.7	123.3
Performance of Manufacturing Index	Index	51.1	48.2	48.6	48.8	52.6	51.2	49.3
Performance of Services Index	Index	53.1	54.9	54.7	54.4	55.1	52.9	51.9

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-Business NZ