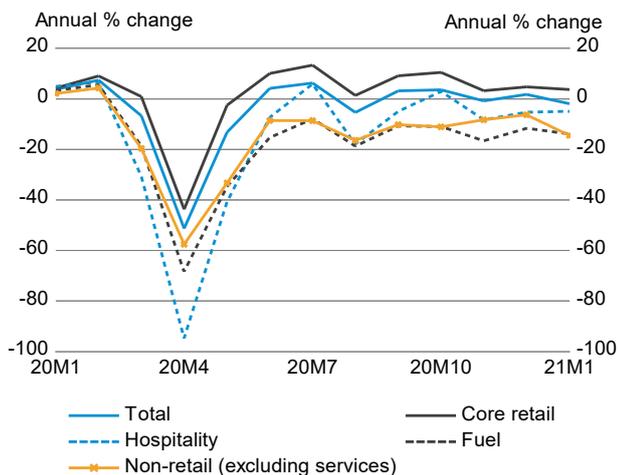


## Electronic card transactions rose...

Electronic card retail transaction values were up 1.9% in January from a year ago, driven by growth of 8.0% in spending on durables, indicating that overall demand remains resilient. Retail transactions volumes also showed continued resilience, with total retail transactions up 1.1% from January 2020. However, growth in spending remains uneven across industries (Figure 1), with hospitality spending down 4.9% from January 2020 and spending on core retail up 3.7%. Interestingly, the difference between current and pre-pandemic spending in the hospitality industry has narrowed somewhat in recent months.

**Figure 1: Electronic card spending**



Source: Stats NZ

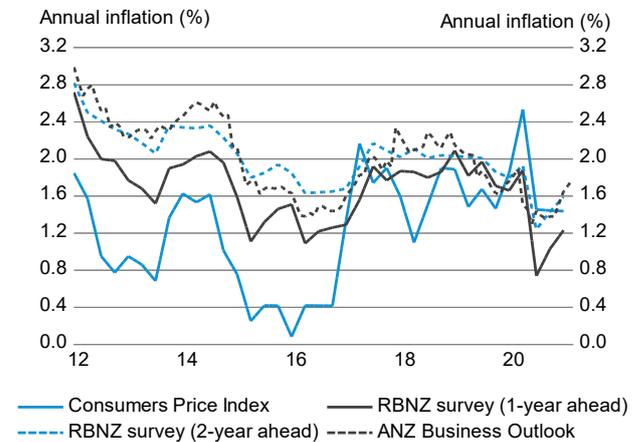
While electronic card retail spending was higher compared to a year ago, spending has now eased for four consecutive months since October 2020, with spending in January down 0.4% from December. The resilience in demand seen over the second half of 2020 now appears to be easing.

## ...as inflation expectations rose

Inflation expectations rose in the Reserve Bank's (RBNZ) January 2021 Survey of Expectations (Business), with both 1-year and 2-year inflation expectations rising, the latter to 1.9%, close to the mid-point of the Bank's 1-3% target band. The results in the Reserve Bank's survey are in line with responses in other surveys, such as the ANZ Business Outlook (Figure 2). The performance of the economy has been stronger than expected in

the second half of 2020, with suggests higher inflationary pressure ahead.

**Figure 2: Inflation expectations**



Sources: Stats NZ, RBNZ, ANZ

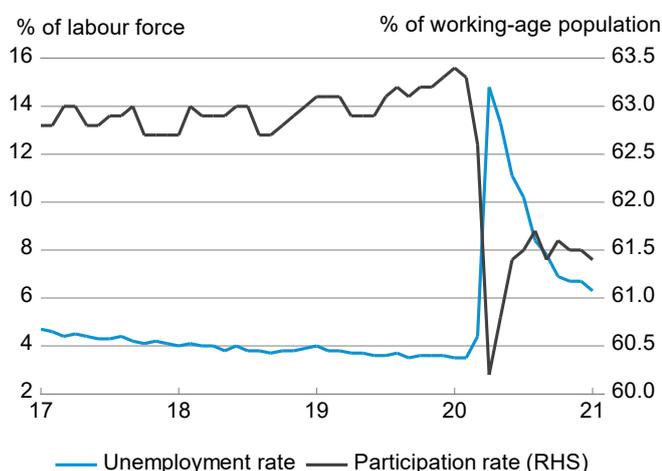
## Loan to Value Ratio (LVR) requirements to return in March

The RBNZ confirmed that LVR restrictions would be reinstated from 1 March 2021 following their suspension in April 2020 in response to the COVID-19 pandemic. The RBNZ noted that financial stability risks had escalated since the time of its consultation with mortgage lenders in December, resulting in more restrictive policy settings being decided on. As of 1 March the LVR restrictions will be re-imposed at the same level they were set at prior to the onset of COVID-19, with a further tightening of investors' restrictions taking effect on 1 May. From 1 March, LVR restrictions for investors will be reinstated to a maximum of 5% of new lending at LVRs above 70%, further tightening to a maximum of 5% of new lending at LVRs above 60% on 1 May. From 1 March, LVR restrictions for owner-occupiers will be reinstated at a maximum of 20% of new lending at LVRs above 80%, with no change on 1 May.

### US activity data mixed...

Employment in the US rose by a weaker-than-expected 49,000 in January, while there were net downward revisions of 159,000 to the previous two months. The unemployment rate fell from 6.7% to 6.3%, while there was a marginal fall in the participation rate from 61.5% to 61.4% (Figure 3).

**Figure 3: US labour market**



Source: Haver

More evidence of a slowdown in momentum came from the January National Federation of Independent Business (NFIB) index, which fell to 95.0 from 95.9 in the previous month, against expectations of an increase to 97.0 and the lowest reading in eight months. In contrast, the December Job Openings and Labor Turnover Survey (JOLTS) showed job vacancies rising to 6.6 million, the highest level since July 2020, and in line with pre-pandemic levels of 6.6 - 7.3 million.

### ...as inflation remains weak in US, China

US CPI increased by 0.3% in January compared to the previous month due to rising energy prices, which kept the annual rate steady at 1.4%. Annual core CPI inflation (all items less food and energy) fell from 1.6% to 1.4%. Federal Reserve Chairman Jerome Powell said in a speech on Wednesday that he is not worried about inflation increasing at a rapid rate, and that the central bank's focus continues to be to get back to a strong labour market.

In China, annual consumer price inflation fell from 0.2% in December to -0.3% in January, mainly due to base effects. Deflation is however expected to be short-lived, as base effects are reversed in the coming months, and with demand-side pressures continuing to build. Annual producer price inflation in China returned to positive territory for the first

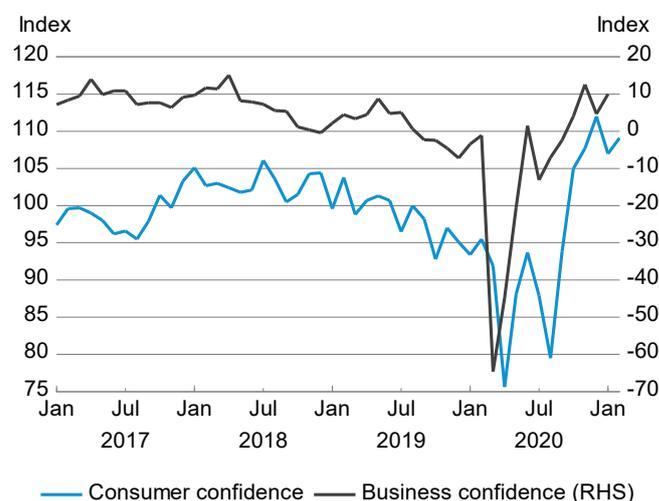
time since January 2020, increasing from -0.4% to 0.3%.

### Australian confidence levels remain high

The National Australia Bank's (NAB) January Business Survey showed business confidence rose by 5 points (pts) to 10 pts, even though the business conditions index pulled back from 16 to 7 pts following a strong increase in December (Figure 4). Both indices remain above their long-term averages. Although all sub-indices of the conditions index eased, they remain in expansionary territory. Conditions remain strongest in retail and weakest in construction. Capacity utilisation rose 0.2 pts to 81.0% and has now returned to pre-pandemic levels.

Meanwhile, the Westpac-Melbourne Institute Index of Consumer Sentiment rebounded by 1.9% to 109.1 pts in February (Figure 4), supported by improved perceptions of future economic conditions. The index is now 14.2% higher than pre-pandemic levels. Expectations of future house price gains increased by 6.5%. However, there was a 3.6% fall in the 'time to buy a dwelling' index, bringing it 8.6% below its November peak. This suggests that recent increases in house prices may be starting to weigh on purchasing sentiment.

**Figure 4: Australian confidence**

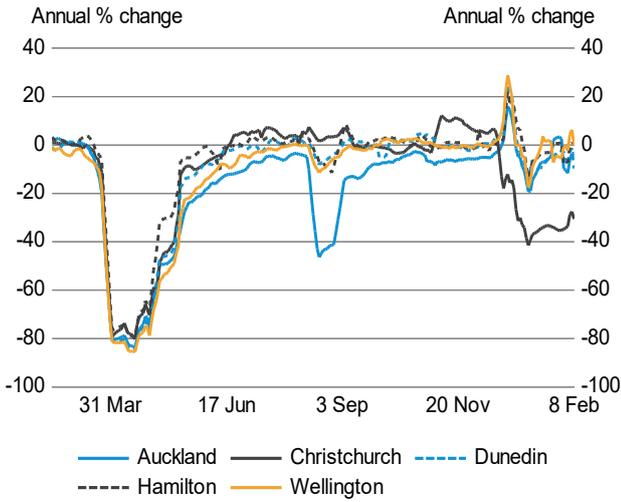


Source: Haver

Date	Key upcoming NZ data	Previous
15 Feb	REINZ House Price Index (Jan)	17.1%
16 Feb	International travel and migration (Dec)	
17 Feb	Productivity Statistics (Mar 2020)	

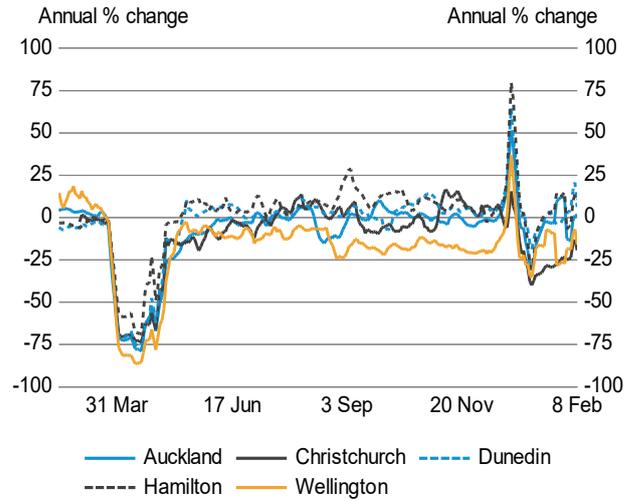
# High-Frequency Indicators (Domestic)

## Traffic Movement



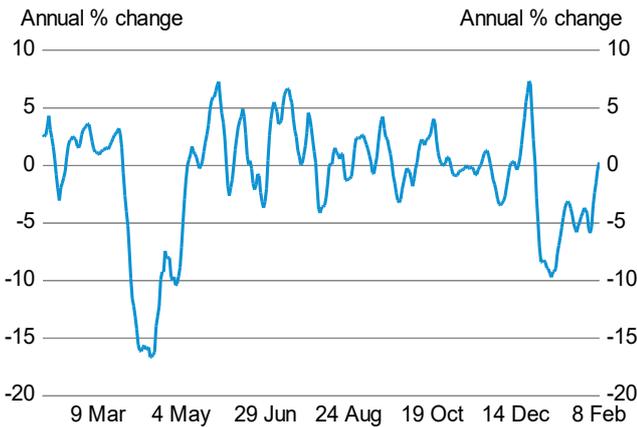
Source: Waka Kotahi NZ Transport Agency

## Freight Movement



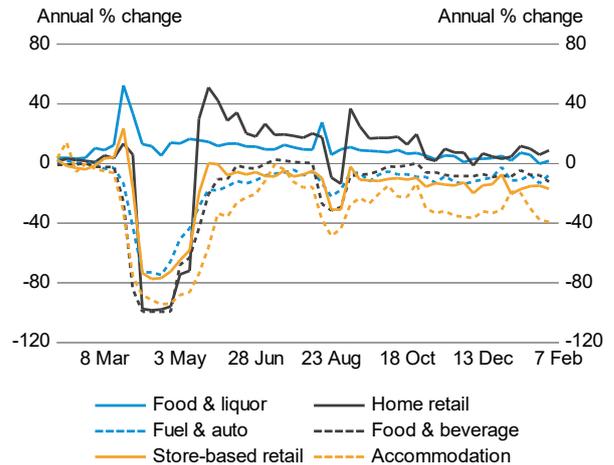
Source: Waka Kotahi NZ Transport Agency

## Electricity Demand



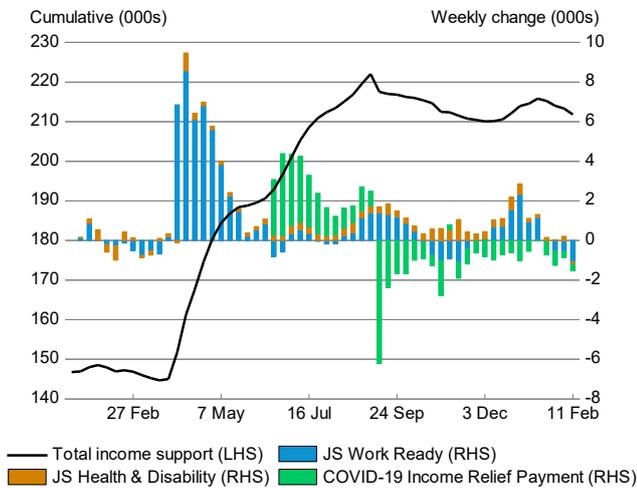
Source: Electricity Authority

## Retail Spending



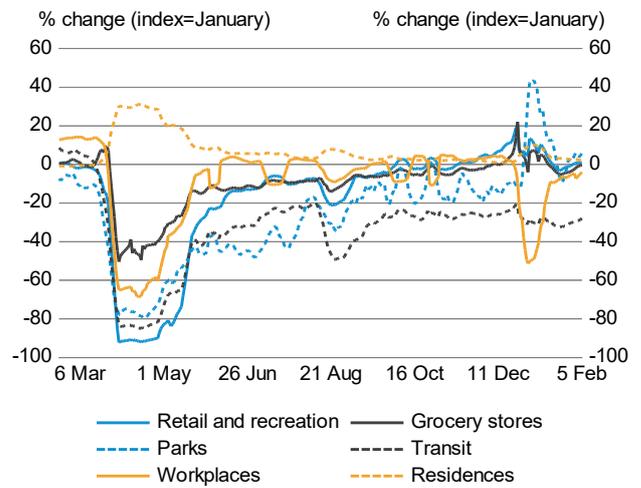
Source: Marketview data via MBIE

## Jobseeker (JS) and Income Support Recipients



Source: MSD

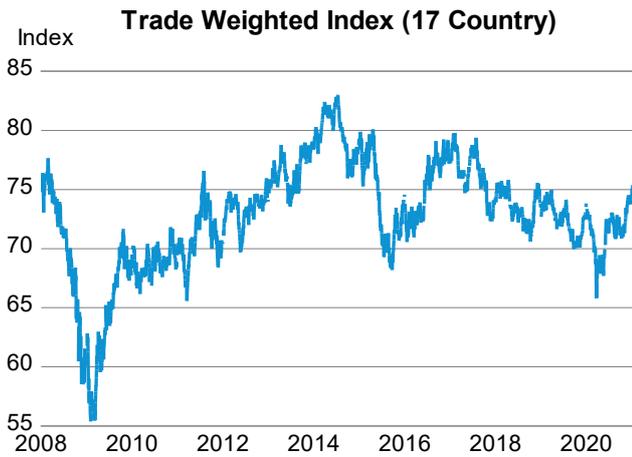
## People Movements at Selected Locations



Source: Google

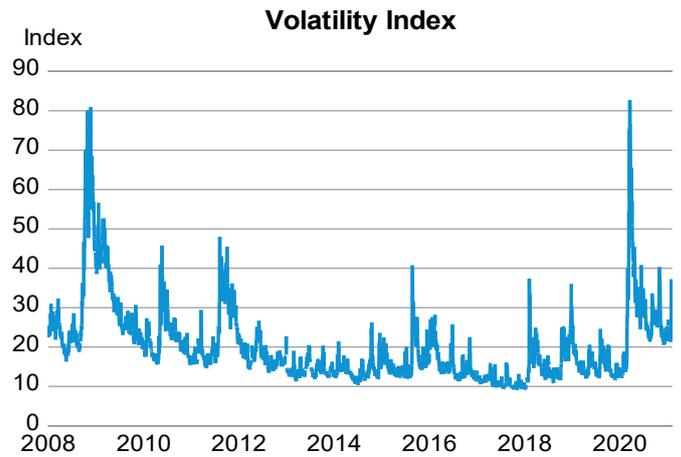
# High-Frequency Indicators (Global)

## Trade Weighted Index



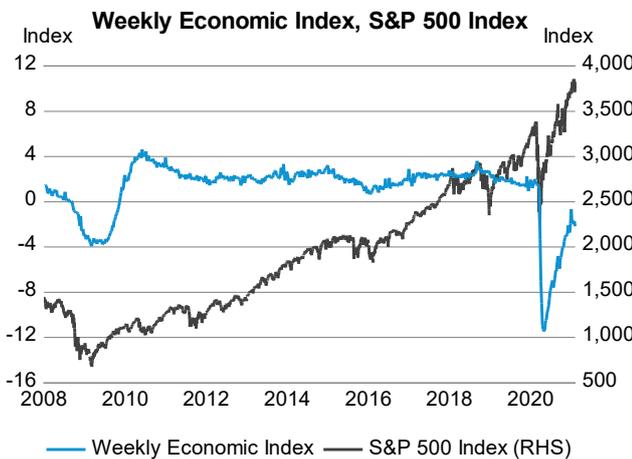
Source: RBNZ

## Volatility Index



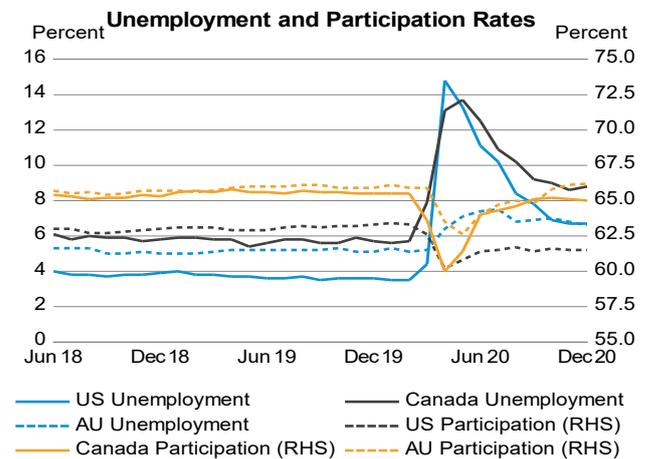
Source: Haver

## US Activity and Equities



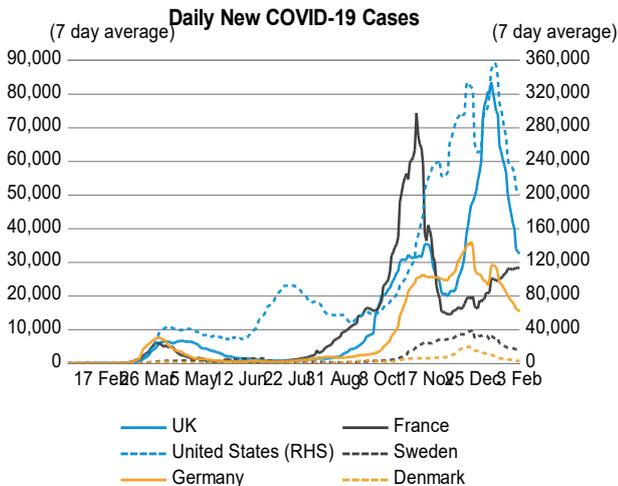
Sources: Federal Reserve Bank of New York, Haver

## Labour Markets



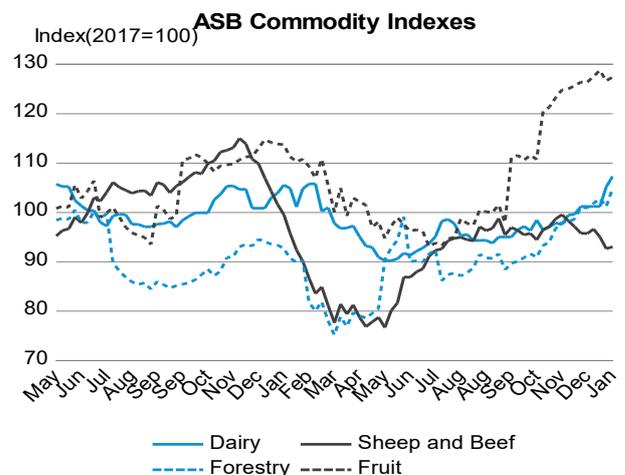
Source: Haver

## COVID-19 Cases



Sources: World Health Organisation/Haver

## World Commodity Prices



Source: ASB

Quarterly Indicators		2019Q3	2019Q4	2020Q1	2020Q2	2020Q3	2020Q4
Real Production GDP (1)	qpc	0.7	0.1	-1.2	-11.0	14.0	...
	aapc	2.8	2.3	1.6	-1.7	-2.2	...
Current account balance (annual)	%GDP	-3.7	-3.3	-2.8	-1.8	-0.8	...
Merchandise terms of trade	apc	0.9	7.1	5.4	6.3	-0.4	...
CPI inflation	qpc	0.7	0.5	0.8	-0.5	0.7	0.5
	apc	1.5	1.9	2.5	1.5	1.4	1.4
Employment (HLFS) (1)	qpc	0.6	0.4	1.0	-0.3	-0.7	0.6
Unemployment rate (1)	%	4.2	4.1	4.2	4.0	5.3	4.9
Participation rate (1)	%	70.7	70.4	70.7	69.9	70.1	70.2
LCI salary & wage rates - total (2)	apc	2.5	2.6	2.5	2.1	1.8	1.6
QES average hourly earnings - total (2)	apc	4.2	3.6	3.6	3.0	3.6	4.2
Core retail sales volume	apc	5.4	3.3	4.0	-11.7	7.7	...
Total retail sales volume	apc	4.5	3.3	2.3	-14.2	8.3	...
WMM - consumer confidence (3)	Index	103.1	109.9	104.2	97.2	95.1	106.0
QSBO - general business situation (1,4)	net%	-37.1	-30.8	-67.9	-57.6	-37.6	-16.3
QSBO - own activity outlook (1,4)	net%	-0.6	2.9	-12.9	-24.1	0.5	9.4
Monthly Indicators		Aug 20	Sep 20	Oct 20	Nov 20	Dec 20	Jan 21
Merchandise trade balance (12 month)	NZ\$m	1,369	1,655	2,223	3,300	2,937	...
Dwelling consents - residential	apc	-3.3	7.7	7.2	19.9	26.9	...
House sales - dwellings	apc	27.7	41.9	30.0	33.0	36.6	...
REINZ - house price index	apc	9.6	10.8	13.2	15.0	17.1	...
Estimated net migration (12 month total)	people	76,823	69,556	60,445	52,373	...	...
ANZ NZ commodity price index	apc	-3.9	-6.5	-5.6	-10.9	-5.9	-2.2
ANZ world commodity price index	apc	-2.8	-3.1	-2.3	-5.5	-0.4	4.6
ANZBO - business confidence	net%	-41.8	-28.5	-15.7	-6.9	9.4	...
ANZBO - activity outlook	net%	-17.5	-5.4	4.7	9.1	21.7	...
ANZ-Roy Morgan - consumer confidence	net%	100.2	100.0	108.7	106.9	112.0	113.8
Weekly Benefit Numbers		1 Jan	8 Jan	15 Jan	22 Jan	29 Jan	5 Feb
Jobseeker Support	number	212,439	213,756	213,852	213,357	213,006	211,806
Work Ready	number	134,823	135,990	135,936	135,399	134,841	133,743
Health Condition and Disability	number	77,619	77,763	77,919	77,958	78,165	78,066
COVID-19 Income Relief Payment	number	2,097	2,070	1,389	660	342	...
Full-time	number	1,869	1,848	1,254	585	297	...
Part-time	number	225	225	138	78	45	...
Daily Indicators		Thu 4/2/21	Fri 5/2/21	Mon 8/2/21	Tue 9/2/21	Wed 10/2/21	Thu 11/2/21
<b>NZ exchange and interest rates (5)</b>							
NZD/USD	\$	0.7212	0.7161	...	0.7234	0.7233	...
NZD/AUD	\$	0.9456	0.9421	...	0.9374	0.9352	...
Trade weighted index (TWI)	index	75.2	74.9	...	75.3	75.1	...
Official cash rate (OCR)	%	0.25	0.25	0.25	0.25	0.25	...
90 day bank bill rate	%	0.28	0.28	...	0.29	0.29	...
10 year govt bond rate	%	1.35	1.37	...	1.40	1.40	...
<b>Share markets (6)</b>							
Dow Jones	index	31,056	31,148	31,386	31,376	31,438	...
S&P 500	index	3,872	3,887	3,916	3,911	3,910	...
VIX volatility index	index	21.8	20.9	21.2	21.6	22.0	...
AU all ords	index	7,038	7,113	7,161	7,102	7,134	...
NZX 50	index	12,992	13,054	...	12,928	12,830	...
<b>US interest rates</b>							
3 month OIS	%	0.08	0.08	0.07	0.08	...	...
3 month Libor	%	0.19	0.19	0.20	0.20	...	...
10 year govt bond rate	%	1.15	1.19	1.19	1.18	1.15	...
<b>Commodity prices (6)</b>							
WTI oil	US\$/barrel	56.23	56.80	57.95	58.34	...	...
Gold	US\$/ounce	1,786	1,802.95	1,835.25	1,839.60	...	...
CRB Futures	index	464	461.35	463.94	466.98	...	...

(1) Seasonally adjusted  
(2) Ordinary time, all sectors  
(3) Westpac McDermott Miller

(4) Quarterly Survey of Business Opinion  
(5) Reserve Bank (11am)  
(6) Daily close

*Data in italic font are provisional*  
... Not available

Country	Indicator		Jul 20	Aug 20	Sep 20	2020Q3	Oct 20	Nov 20	Dec 20	2020Q4	Jan 21	Feb 21
<b>United States</b> [9.6% share of total goods exports]	GDP (1)	qpc				7.5				1.0		
	Industrial production (1)	mpc	4.2	0.7	-0.1		1.0	0.5	1.6		...	...
	CPI	apc	1.0	1.3	1.4		1.2	1.2	1.4		1.4	...
	Unemployment rate (1)	%	10.2	8.4	7.8		6.9	6.7	6.7		6.3	...
	Employment change (1)	000s	1726.0	1583.0	716.0		680.0	264.0	-227.0		49.0	...
	Retail sales value	apc	2.7	3.6	6.1		5.4	3.7	2.9		...	...
	House prices (2)	apc	4.2	5.4	6.7		8.0	9.1	...		...	...
<b>Japan</b> [6.1%]	PMI manufacturing (1)	index	53.7	55.6	55.7		58.8	57.7	60.5		58.7	...
	Consumer confidence (1)(3)	index	91.7	86.3	101.3		101.4	92.9	87.1		89.3	...
	GDP (1)	qpc				5.3				...		
<b>Euro area</b> [5.5%]	Industrial production (1)	mpc	8.7	1.0	3.9		4.0	-0.5	-1.6		...	...
	CPI	apc	0.3	0.1	0.0		-0.4	-0.9	-1.1		...	...
	Unemployment rate (1)	%	2.9	3.0	3.0		3.1	2.9	2.9		...	...
	Retail sales value	apc	-2.9	-1.9	-8.7		6.4	0.6	-0.3		...	...
	PMI manufacturing (1)	index	45.2	47.2	47.7		48.7	49.0	50.0		49.8	...
	Consumer confidence (1)(4)	index	29.5	29.3	32.8		33.3	33.6	31.8		30.0	...
	GDP (1)	qpc				12.4					-0.7	
<b>United Kingdom</b> [2.7%]	Industrial production (1)	mpc	5.6	0.4	0.2		2.3	2.5	...		...	...
	CPI	apc	0.4	-0.2	-0.3		-0.3	-0.3	-0.3		...	...
	Unemployment rate (1)	%	8.6	8.6	8.6		8.4	8.3	8.3		...	...
	Retail sales volume	apc	0.2	4.4	2.5		4.3	-2.2	0.6		...	...
	PMI manufacturing (1)	index	51.8	51.7	53.7		54.8	53.8	55.2		54.8	...
	Consumer confidence (5)	index	-14.9	-14.6	-13.6		-15.5	-17.6	-13.8		-15.5	...
	GDP (1)	qpc				16.0					...	
<b>Australia</b> [15.8%]	Industrial production (1)	mpc	5.2	0.2	0.3		1.1	-0.1	...		...	...
	CPI	apc	1.1	0.2	0.6		0.7	0.4	...		...	...
	Unemployment rate (1)	%	4.3	4.5	4.8		4.9	5.0	...		...	...
	Retail sales volume	apc	1.1	2.7	4.5		5.9	2.1	2.9		...	...
	House prices (6)	apc	1.5	3.7	5.0		5.8	6.5	7.3		6.4	...
	PMI manufacturing (1)	index	53.3	55.2	54.1		53.7	55.6	57.5		54.1	...
	Consumer confidence (1)(5)	net %	-27.0	-27.0	-25.0		-31.0	-33.0	-26.0		-28.0	...
<b>China</b> [24.3%]	GDP (1)	qpc				3.3				...		
	CPI	apc				0.7				0.9		
	Unemployment rate (1)	%	7.5	6.8	6.9		7.0	6.8	6.6		...	...
	Retail sales value	apc	12.8	5.4	6.6		7.7	12.1	10.3		...	...
	House Prices (7)	apc				5.0					...	...
	PMI manufacturing (1)	index	53.5	49.3	46.7		56.3	52.1	55.3		55.3	...
<b>South Korea</b> [3.0%]	Consumer confidence (8)	index	87.9	79.5	93.8		105.0	107.7	112.0		107.0	109.1
	GDP	apc				4.9				6.5		
	Industrial production	apc	4.8	5.6	6.9		6.9	7.0	7.3		...	...
<b>South Korea</b> [3.0%]	CPI	apc	2.7	2.4	1.7		0.5	-0.5	0.2		-0.3	...
	PMI manufacturing (1)	index	51.1	51.0	51.5		51.4	52.1	51.9		51.3	...
<b>South Korea</b> [3.0%]	GDP (1)	qpc				2.1				1.1		
	Industrial production (1)	mpc	1.9	-0.4	5.6		-1.2	0.3	3.7		...	...
	CPI	apc	0.3	0.7	1.0		0.1	0.6	0.5		0.6	...

(1) Seasonally adjusted

(2) Case-Shiller Home Price Index 20 city

(3) The Conference Board Consumer Confidence Index

(4) Cabinet Office Japan

(5) European Commission

(6) Nationwide House Price Index

(7) Australian Bureau of Statistics

(8) Melbourne/Westpac Consumer Sentiment Index