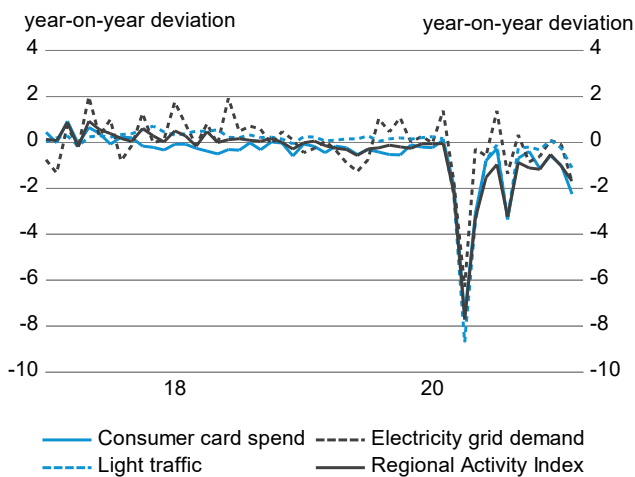


Regional Activity Indicators released

The Regional Activity Indices (RAIs) were updated this week for the February month. Each RAI is a composite index that summarises six monthly indicators of economic activity in that region. Activity growth in the northernmost regions of the North Island (Northland, Auckland and Waikato) fell marginally in February as a result of the temporary escalations of alert levels in Auckland. This was reflected by falls in consumer card spending, light traffic, and electricity grid demand (Figure 1).

Figure 1: Auckland Activity Index



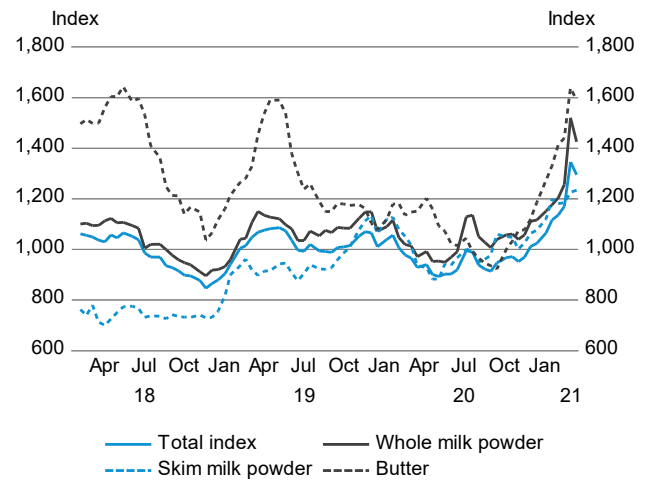
Sources: The Treasury/Various

For the rest of New Zealand, activity remained little-changed from January. Activity growth in lower South Island regions remains below average, although a number of these regions did display a modest uptick in February (Canterbury, West Coast, Otago and Southland).

Dairy Prices retreat from recent highs

The *GlobalDairyTrade* (GDT) auction price index GDT result from Tuesday night ended a run of 8 consecutive increases, falling 3.8% following a 15.0% rise in the prior auction (Figure 2). While whole milk powder prices dipped 6.2% (following the 21.0% increase at the last auction), they remain at levels not seen since 2014. Butter prices also retreated somewhat (down 2.8%) but remain at 3-year highs. These elevated price levels support a continued positive outlook for farmgate milk prices for the 2020/21 season.

Figure 2: GlobalDairyTrade auction prices

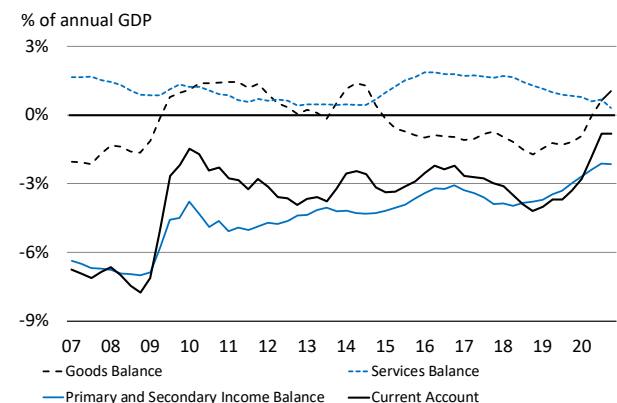


Sources: *GlobalDairyTrade*/Haver

Current account deficit widens...

New Zealand's seasonally adjusted quarterly current account deficit widened by \$1.6 billion in the December 2020 quarter, to reach \$2.1 billion. The increase in the deficit was driven by deteriorations in both the goods and services balances, as goods imports recovered further and services exports fell.

Figure 3: Current account deficit (annual)



Source: Stats NZ

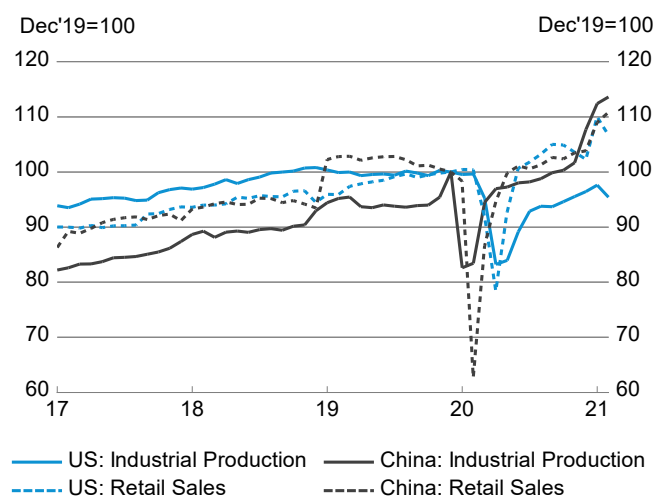
...and GDP was weaker than expected

December quarter GDP was weaker than expected, falling 1.0% (following a record increase of 13.9% in the September quarter). This quarter's result was driven by a decline in activity in construction services and non-residential building as well as a 5.0% fall in the tourism-impacted retail, accommodation and restaurants industries. On an annual basis, GDP for the year ended December 2020 fell 2.9%.

Mixed data in the US...

Retail sales and industrial production in the United States declined by 3.3% and 2.2%, respectively, in February compared to the previous month, partly due to severe weather conditions impacting central states (Figure 4). The decline should therefore be reversed in March, supported by the recently disbursed US\$1,400 stimulus cheques to households. The January surge in retail sales was revised up by 2.3 percentage points to 7.6%. However, there are concerns that global supply chain issues will delay the ability of manufacturing production to catch up with goods demand.

Figure 4: Industrial production and retail sales



Source: Haver

...and China...

Retail sales in China declined by an average 0.4% in January and February compared to December, when growth was 1.3%. This reflects travel restrictions that were put in place during the Lunar New Year period to combat an outbreak of COVID-19 in the community. Monthly growth in industrial production held steady at 0.7%, supported by stronger external demand and an increase in hours worked. Investment spending grew by 2.5% on a monthly basis, the strongest growth since August last year, driven by a further increase in property investment.

...as US Fed raises growth forecasts

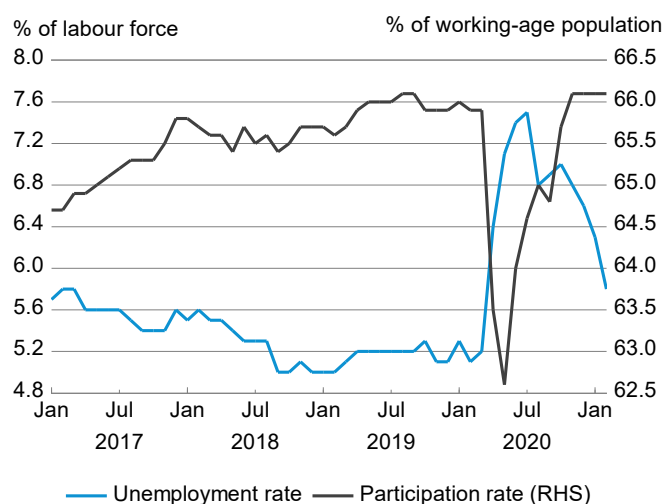
At its Federal Open Market Committee (FOMC) meeting, the US Federal Reserve (Fed) left its policy settings unchanged and upgraded its forecasts for economic activity. Real GDP is forecast to expand by 6.5% in 2021, up from 4.2% in the December projections, while the unemployment rate forecast was downgraded from 5.0% to 4.5%. Higher economic growth is expected

to have only a transitory effect on inflation, rising to 2.4% by the end of 2021 before falling to just above 2.0% in 2022-23. While most FOMC participants still see the policy interest rate on hold until the end of 2023, four expect tightening to commence in 2022 (up from one in December), and seven expect an increase in 2023 (up from five).

Australian unemployment declines further

The unemployment rate declined from 6.3% in January to 5.8% in February, while the participation rate remained steady at 66.1% (Figure 5). Monthly hours worked increased by 6.2% following the sharp fall in January, while the underemployment rate increased from 8.1% to 8.5%, compared to a pre-pandemic rate of 8.2%.

Figure 5: Australia labour market



Source: Haver

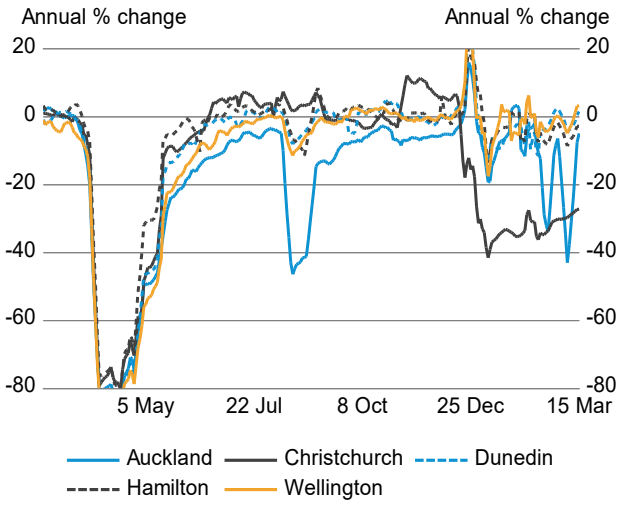
Vaccine concerns in Europe

A number of European countries suspended the AstraZeneca vaccine rollout this week owing to concerns about possible serious side effects. After the European Medicines Agency deemed it "safe and effective", Germany, France, Spain, and Italy will recommence its use. The pausing of the vaccine rollout has added to existing concerns about Europe's progress lagging other developed markets owing to supply shortages. COVID-19 infection rates have been rising recently in Italy and Germany, with the former going into another lockdown from 15 March to 6 April.

Date	Key upcoming NZ data	Previous
24 Mar	Overseas Merchandise Trade	\$626million (deficit)

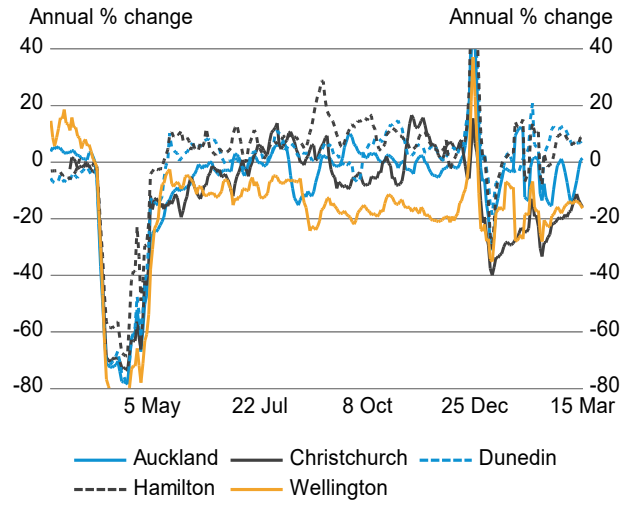
High-Frequency Indicators (Domestic)

Traffic Movement



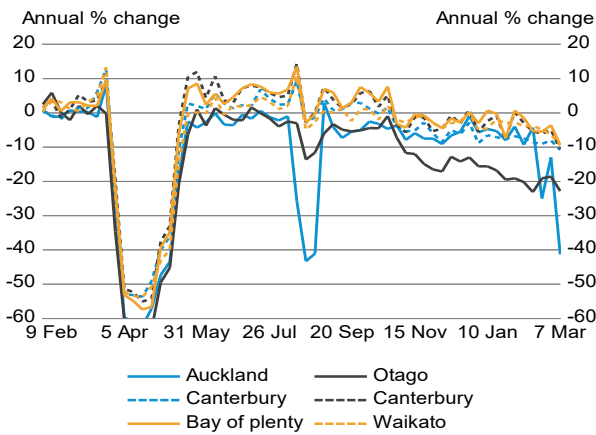
Source: Waka Kotahi NZ Transport Agency

Freight Movement



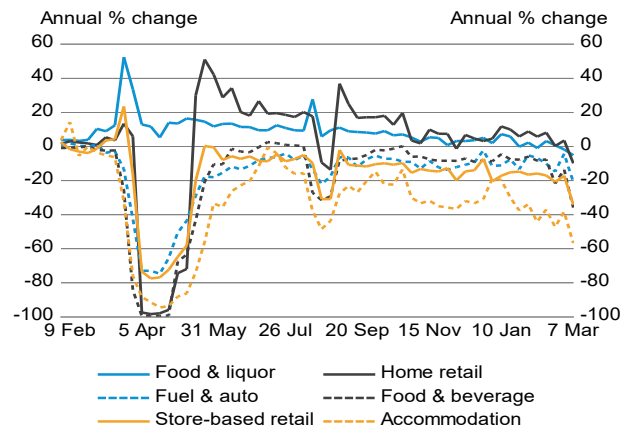
Source: Waka Kotahi NZ Transport Agency

Spending by Region



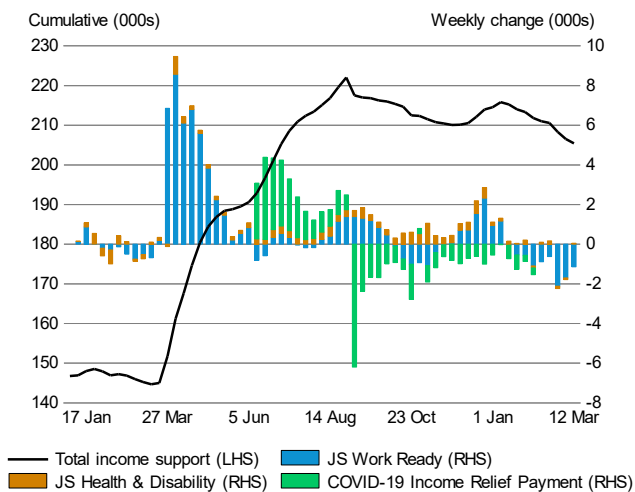
Source: Marketview data via MBIE

Spending by Industry



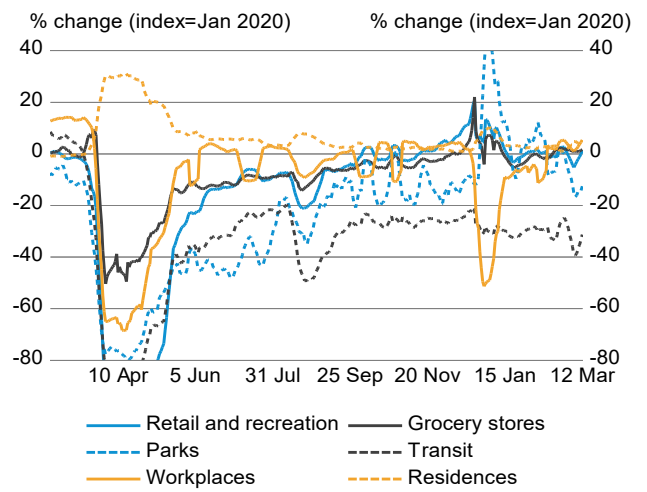
Source: Marketview data via MBIE

Jobseeker (JS) and Income Support Recipients



Source: MSD

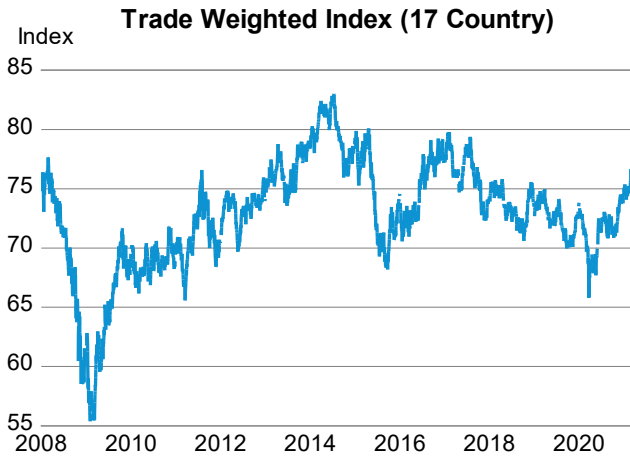
People Movements at Selected Locations



Source: Google

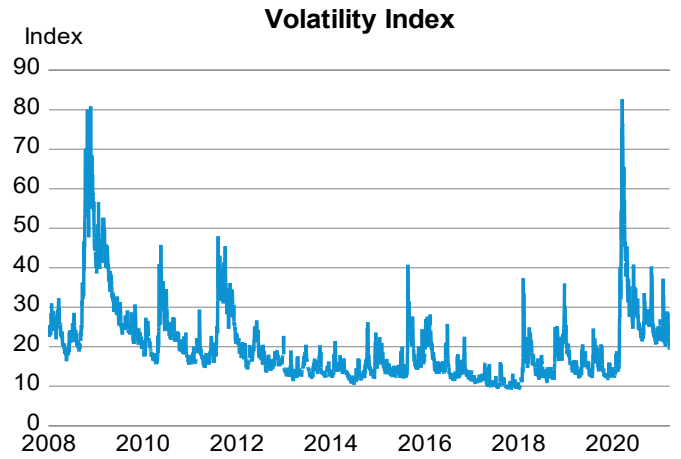
High-Frequency Indicators (Global)

Trade Weighted Index



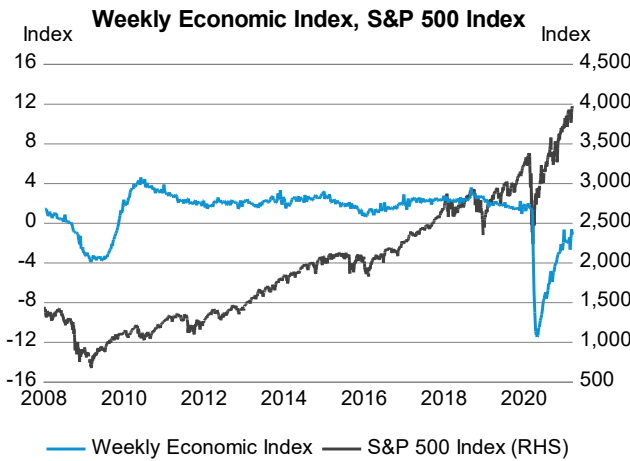
Source: RBNZ

Volatility Index



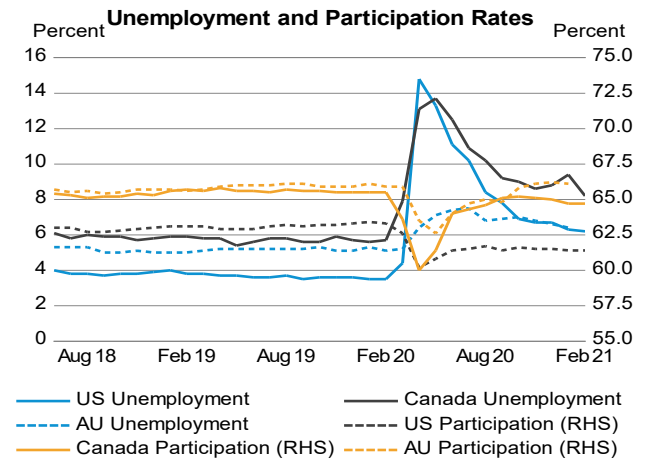
Source: Haver

US Activity and Equities



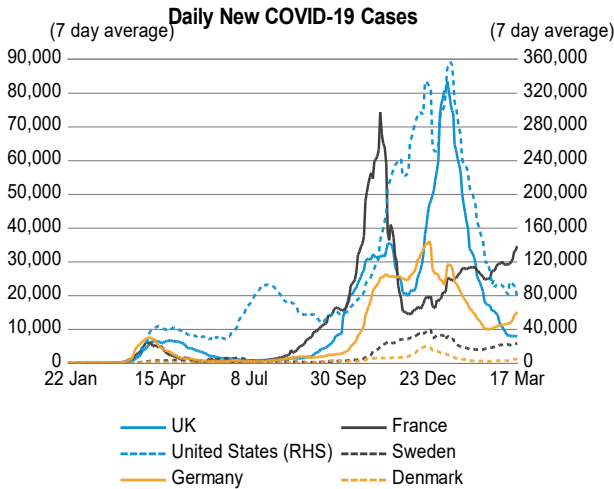
Sources: Federal Reserve Bank of New York, Haver

Labour Markets



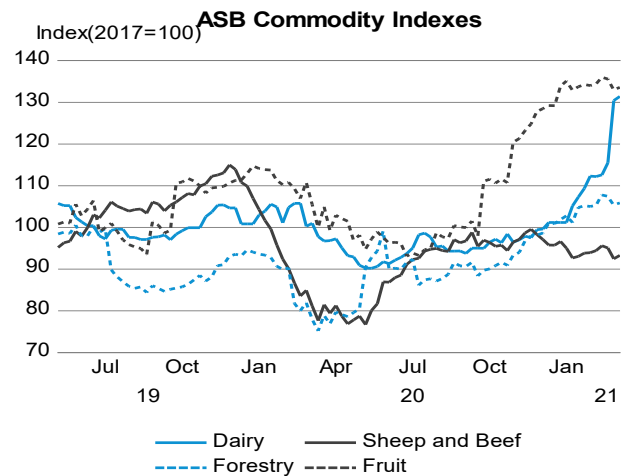
Source: Haver

COVID-19 Cases



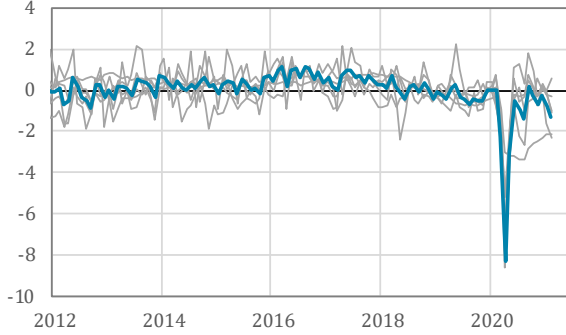
Sources: World Health Organisation/Haver

World Commodity Prices

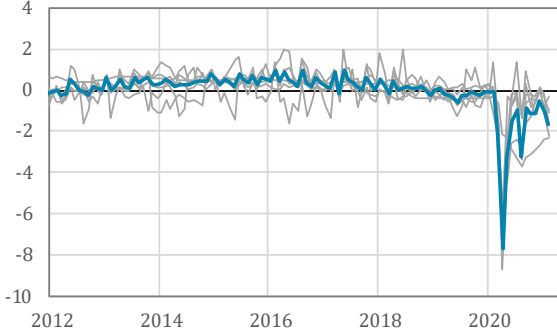


Source: ASB

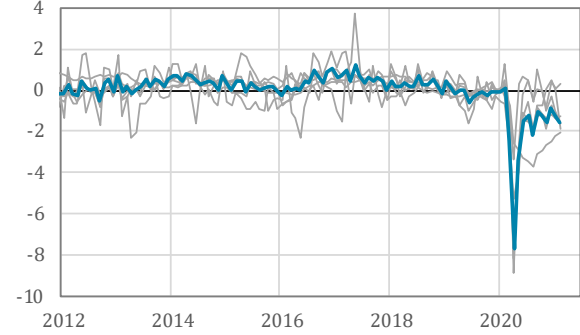
Activity change
(year-on-year deviation) **Northland**



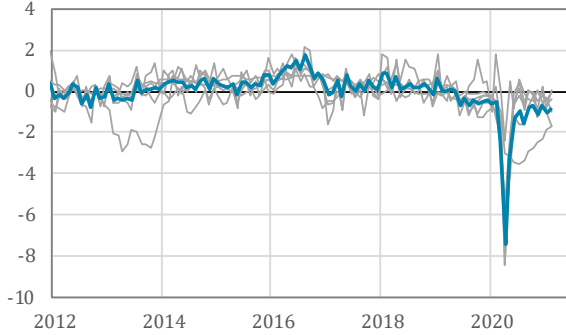
Activity change
(year-on-year deviation) **Auckland**



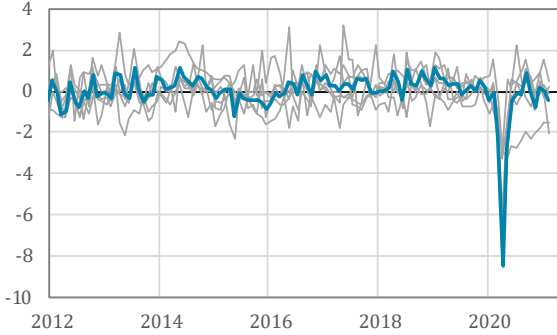
Activity change
(year-on-year deviation) **Waikato**



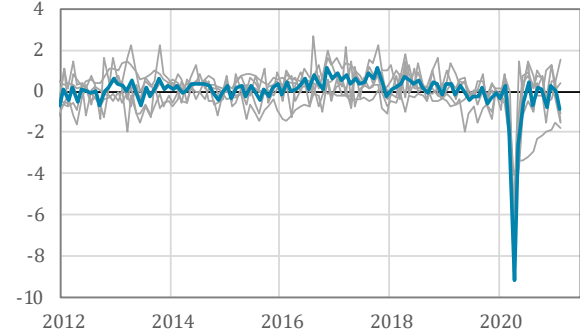
Activity change
(year-on-year deviation) **Bay of Plenty**



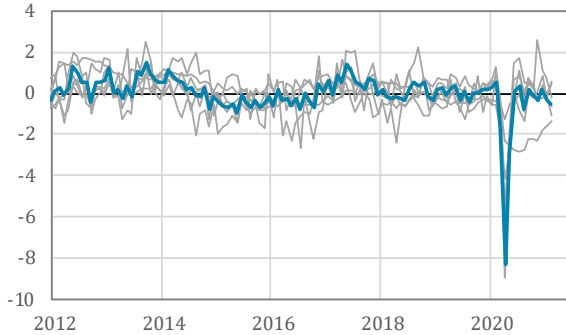
Activity change
(year-on-year deviation) **Gisborne**



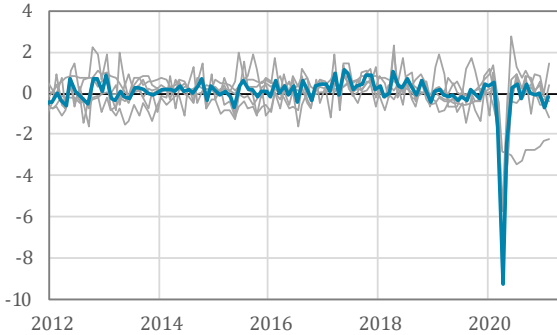
Activity change
(year-on-year deviation) **Hawke's Bay**



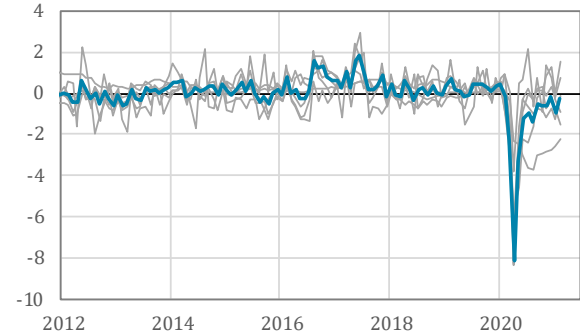
Activity change
(year-on-year deviation) **Taranaki**



Activity change
(year-on-year deviation) **Manawatū-Whanganui**

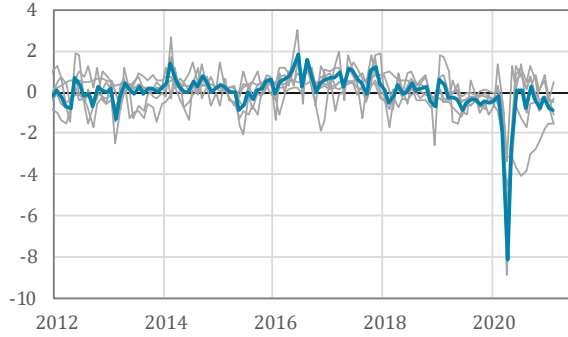


Activity change
(year-on-year deviation) **Wellington**

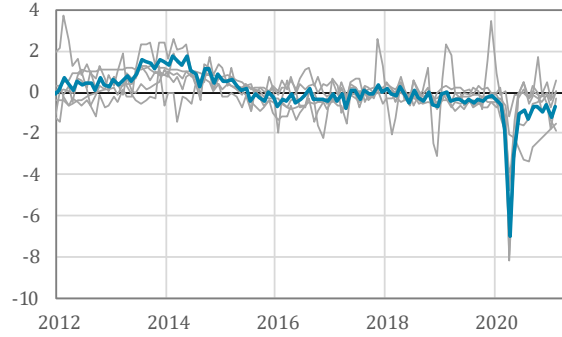


All component indicators (displayed in light grey) have been standardised in the same way as the RAI itself (ie, to have mean = 0 and standard deviation = 1). This allows for all the series to be presented on the same scale – making the co-movements of interest more readily apparent. These standardised inputs can be viewed and downloaded alongside the RAIs on the [Stats NZ COVID-19 data portal](#).

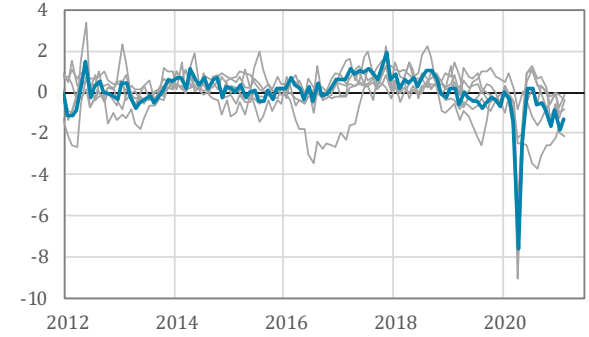
Activity change
(year-on-year deviation) **Tasman/Nelson/Marlborough**



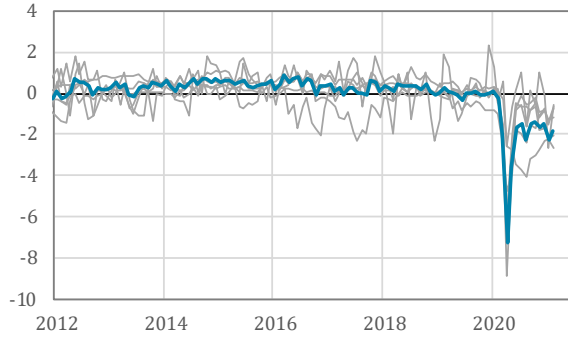
Activity change
(year-on-year deviation) **Canterbury**



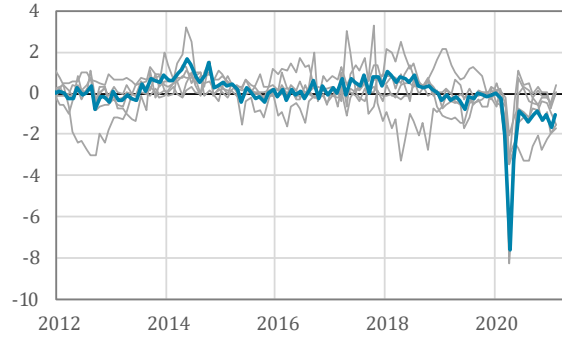
Activity change
(year-on-year deviation) **West Coast**



Activity change
(year-on-year deviation) **Otago**



Activity change
(year-on-year deviation) **Southland**



All component indicators (displayed in light grey) have been standardised in the same way as the RAI itself (ie, to have mean = 0 and standard deviation = 1). This allows for all the series to be presented on the same scale – making the co-movements of interest more readily apparent. These standardised inputs can be viewed and downloaded alongside the RAIs on the [Stats NZ COVID-19 data portal](#).

Quarterly Indicators		2019Q3	2019Q4	2020Q1	2020Q2	2020Q3	2020Q4
Real Production GDP (1)	qpc	0.7	0.1	-1.2	-11.0	13.9	-1.0
	aapc	2.8	2.4	1.7	-1.7	-2.3	-2.9
Current account balance (annual)	%GDP	-3.7	-3.3	-2.8	-1.8	-0.8	-0.8
Merchandise terms of trade	apc	0.9	7.1	5.4	6.3	-0.3	-1.7
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	4.2
Total retail sales volume	apc	4.5	3.3	2.3	-14.2	8.3	4.8
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		Sep 20	Oct 20	Nov 20	Dec 20	Jan 21	Feb 21
Merchandise trade balance (12 month)	NZ\$m	1,655	2,223	3,286	2,975	2,745	...
Dwelling consents - residential	apc	7.7	7.2	19.9	26.9	18.0	...
House sales - dwellings	apc	41.9	30.0	34.0	46.3	6.2	14.6
REINZ - house price index	apc	10.8	13.2	16.0	17.8	18.9	21.4
Estimated net migration (12 month total)	people	69,341	60,060	52,019	44,127	...	...
ANZ NZ commodity price index	apc	-6.5	-5.6	-10.9	-5.9	-1.6	0.1
ANZ world commodity price index	apc	-3.1	-2.3	-5.5	-0.4	5.2	11.1
ANZBO - business confidence	net%	-28.5	-15.7	-6.9	9.4	...	7.0
ANZBO - activity outlook	net%	-5.4	4.7	9.1	21.7	...	21.3
ANZ-Roy Morgan - consumer confidence	net%	100.0	108.7	106.9	112.0	113.8	113.1

Weekly Benefit Numbers		5 Feb	12 Feb	19 Feb	26 Feb	5 Mar	12 Mar
Jobseeker Support	number	211,806	211,026	210,573	208,335	206,541	205,446
Work Ready	number	133,743	132,858	132,234	130,113	128,415	127,272
Health Condition and Disability	number	78,066	78,171	78,339	78,219	78,126	78,174
COVID-19 Income Relief Payment	number	0	...	...	...	...	...
Full-time	number	0	...	...	...	...	...
Part-time	number	0	...	...	...	...	...

Daily Indicators		Wed 10/3/21	Thu 11/3/21	Fri 12/3/21	Mon 15/3/21	Tue 16/3/21	Wed 17/3/21
NZ exchange and interest rates (5)							
NZD/USD	\$	0.7167	0.7193	0.7228	0.7197	0.7199	0.7186
NZD/AUD	\$	0.9303	0.9309	0.9274	0.9269	0.9296	0.9291
Trade weighted index (TWI)	index	75.2	75.4	75.4	75.3	75.4	75.3
Official cash rate (OCR)	%	0.25	0.25	0.25	0.25	0.25	0.25
90 day bank bill rate	%	0.33	0.32	0.32	0.32	0.33	0.33
10 year govt bond rate	%	1.82	1.77	1.69	1.79	1.80	1.73
Share markets (6)							
Dow Jones	index	32,297	32,486	32,779	32,953	32,826	33,015
S&P 500	index	3,899	3,939	3,943	3,969	3,963	3,974
VIX volatility index	index	22.6	21.9	20.7	20.0	19.8	19.2
AU all ords	index	6,947	6,953	7,015	7,019	7,079	7,048
NZX 50	index	12,252	12,272	12,427	12,592	12,689	12,622
US interest rates							
3 month OIS	%	0.07	0.07	0.07	0.07	0.07	...
3 month Libor	%	0.18	0.18	0.19	0.18	0.19	...
10 year govt bond rate	%	1.53	1.54	1.64	1.62	1.62	1.63
Commodity prices (6)							
WTI oil	US\$/barrel	64.44	66.02	65.59	65.36	64.82	...
Gold	US\$/ounce	1,716	1,724.25	1,704.80	1,723.65	1,735.00	...
CRB Futures	index	495	498.79	496.46	495.48	496.62	...

(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		Aug 20	Sep 20	2020Q3	Oct 20	Nov 20	Dec 20	2020Q4	Jan 21	Feb 21	Mar 21
United States [9.6% share of total goods exports]	GDP (1)	qpc			7.5				1.0			
	Industrial production (1)	mpc	1.0	-0.1		1.0	0.9	1.0		1.1	-2.2	...
	CPI	apc	1.3	1.4		1.2	1.2	1.4		1.4	1.7	...
	Unemployment rate (1)	%	8.4	7.8		6.9	6.7	6.7		6.3	6.2	...
	Employment change (1)	000s	1583.0	716.0		680.0	264.0	-306.0		166.0	379.0	...
	Retail sales value	apc	3.6	6.1		5.4	3.8	2.3		9.5	6.3	...
	House prices (2)	apc	5.4	6.7		8.1	9.2	10.1		...	...	...
Japan [6.1%]	PMI manufacturing (1)	index	55.6	55.7		58.8	57.7	60.5		58.7	60.8	...
	Consumer confidence (1)(3)	index	86.3	101.3		101.4	92.9	87.1		88.9	91.3	...
	GDP (1)	qpc			5.3				2.8			
	Industrial production (1)	mpc	1.0	3.9		4.0	-0.5	-1.0		4.3	...	...
	CPI	apc	0.1	0.0		-0.4	-0.9	-1.1		-0.6	...	...
	Unemployment rate (1)	%	3.0	3.0		3.1	3.0	3.0		2.9	...	...
	Retail sales value	apc	-1.9	-8.7		6.4	0.6	5.0		2.7	...	...
Euro area [5.5%]	PMI manufacturing (1)	index	47.2	47.7		48.7	49.0	50.0		49.8	51.4	...
	Consumer confidence (1)(4)	index	29.3	32.8		33.3	33.6	31.8		30.0	33.7	...
	GDP (1)	qpc			12.5				-0.7			
	Industrial production (1)	mpc	0.9	0.1		2.5	2.2	-0.1		0.8	...	...
	CPI	apc	-0.2	-0.3		-0.3	-0.3	-0.3		0.9	0.9	...
	Unemployment rate (1)	%	8.7	8.6		8.4	8.1	8.1		8.1	...	...
	Retail sales volume	apc	4.5	2.5		4.4	-1.9	0.9		-6.4	...	...
United Kingdom [2.7%]	PMI manufacturing (1)	index	51.7	53.7		54.8	53.8	55.2		54.8	57.9	...
	Consumer confidence (5)	index	-14.6	-13.6		-15.5	-17.6	-13.8		-15.5	-14.8	...
	GDP (1)	qpc			16.1				1.0			
	Industrial production (1)	mpc	0.5	0.7		0.9	0.3	0.2		-1.5	...	...
	CPI	apc	0.2	0.6		0.7	0.4	...		...	...	...
	Unemployment rate (1)	%	4.5	4.8		4.9	5.0	5.1		...	...	...
	Retail sales volume	apc	2.7	4.5		6.0	2.3	3.1		-5.9	...	...
Australia [15.8%]	House prices (6)	apc	3.7	5.0		5.8	6.5	7.3		6.4	6.9	...
	PMI manufacturing (1)	index	55.2	54.1		53.7	55.6	57.5		54.1	55.1	...
	Consumer confidence (1)(5)	net %	-27.0	-25.0		-31.0	-33.0	-26.0		-28.0	-23.0	...
	GDP (1)	qpc			3.4				3.1			
	CPI	apc			0.7				0.9			
	Unemployment rate (1)	%	6.8	6.9		7.0	6.8	6.6		6.3	5.8	...
	Retail sales value	apc	5.4	6.6		7.7	12.1	10.3		10.3	...	...
China [24.3%]	House Prices (7)	apc			5.0				4.3			
	PMI manufacturing (1)	index	49.3	46.7		56.3	52.1	55.3		55.3	58.8	...
	Consumer confidence (8)	index	79.5	93.8		105.0	107.7	112.0		107.0	109.1	111.8
	GDP	apc			4.9				6.5			
	Industrial production	apc	5.6	6.9		6.9	7.0	7.3		35.1	35.1	...
South Korea [3.0%]	CPI	apc	2.4	1.7		0.5	-0.5	0.2		-0.3	-0.2	...
	PMI manufacturing (1)	index	51.0	51.5		51.4	52.1	51.9		51.3	50.6	...
	GDP (1)	qpc			2.1				1.2			
South Korea [3.0%]	Industrial production (1)	mpc	0.7	3.1		-0.5	0.5	2.7		-1.6	...	...
	CPI	apc	0.7	1.0		0.1	0.6	0.5		0.6	1.1	...

(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