

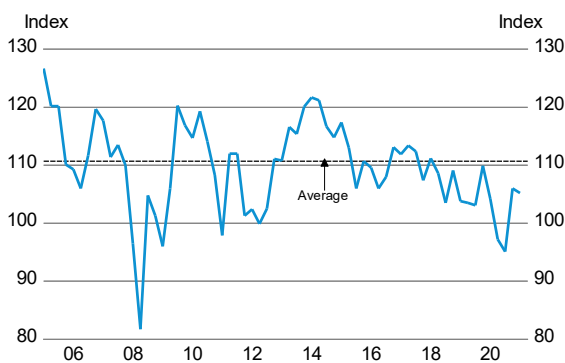
## Community case linked to MIQ facility

A new community case of a Managed Isolation and Quarantine (MIQ) worker in Auckland reported on Monday has been epidemiologically linked to a case in the MIQ facility. The worker is self-isolating, and no additional cases have been recorded.

## Consumer confidence slips...

Consumer confidence fell by 0.8 points to 105.2 in the March quarter release of the Westpac McDermott Miller Consumer Confidence Survey (Figure 1). Confidence remains below long-run average levels, consistent with other measures of consumer confidence.

Figure 1: Consumer Confidence



Source: Westpac McDermott Miller

While households are feeling more confident about their personal financial situation, they are concerned about the economy's long-run trajectory. The survey also showed a big difference in confidence levels across age groups, with younger New Zealanders (those aged 18 to 29), more concerned about their financial situation. According to Westpac, one big factor that's likely to have influenced this split in confidence across age groups is the high level of house price growth.

## ...and new housing policies announced

New housing policies were announced by the government this week, including the end of tax-deductible interest on investment properties, the extension of the bright-line test from 5 to 10 years, and the establishment of a Housing Acceleration Fund committed to infrastructure investment.

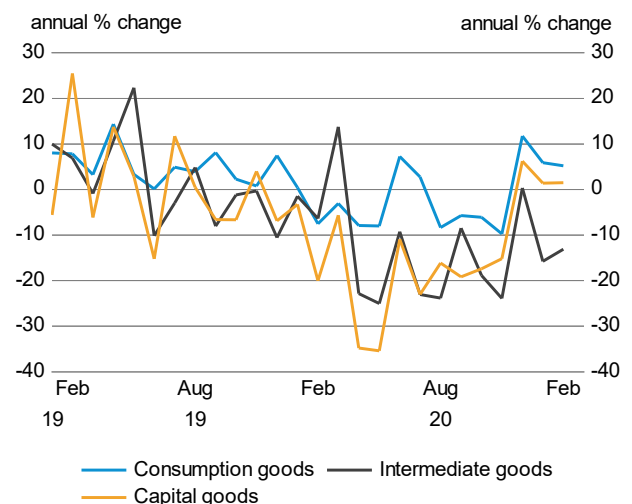
These policies are intended to make inroads towards addressing housing affordability by

reducing investor demand for housing, thus freeing up more stock for owner occupiers, and by increasing the supply of new housing.

## The annual trade surplus declines further...

The seasonally adjusted monthly trade deficit narrowed from a deficit of \$673 million in January to \$224 million in February as export values increased and imports fell. The annual trade surplus continued to decline from November's record high, falling to \$2.4 billion. Consumption and capital goods imports were both up on an annual basis after recovering at the end of 2020 (Figure 2).

Figure 2: Imports by Broad Economic Category



Source: Stats NZ

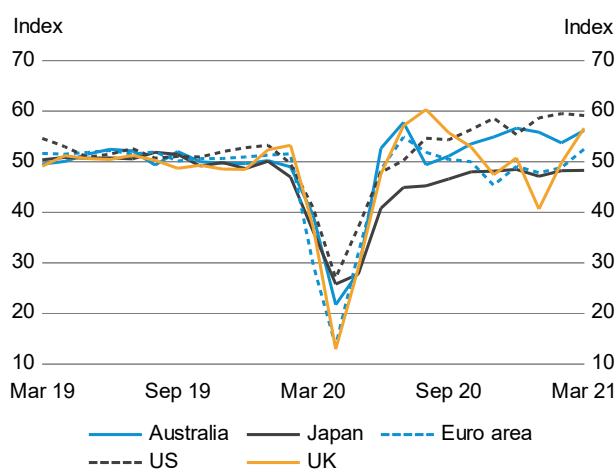
On a seasonally adjusted monthly basis, goods exports rose 1.1% in February, following two months of decreases, though values remain well below year-ago levels. Log exports fell while meat and fruit exports recovered from dips in January, and dairy products were flat. Monthly goods imports fell 7.5% after two months of increases, to be only slightly down compared to February 2020.

Growth in imports is expected to be subdued going forward, now that values are close to pre-pandemic levels. Export values will likely see more robust growth in coming months, driven by the recent strengthening in commodity prices. The annual trade balance is expected to continue declining over 2021 as last year's weakness in imports falls out of the annual balance.

### **Global recovery appears steady in March...**

Purchasing Managers Index (PMI) readings for advanced economies show an ongoing recovery in March, with most headline indices now in expansionary territory (Figure 3). Readings for the United Kingdom (UK) and euro area both rose sharply, though the return of COVID-19 restrictions in Europe will likely result in a fall in the euro area index next month. Australia and the United States (US) remain at high levels, with virus containment in Australia and the successful vaccination programme combined with fiscal stimulus in the US helping them to outperform. Japan's index remains contractionary, with the country's state of emergency being lifted just this week.

**Figure 3: Composite Output PMI**



Source: Haver

### **...but UK unemployment fall hides weakness**

Despite the renewed national lockdown in January, the UK unemployment rate fell to 5.0% from 5.1% in December. This was not due to an improvement in the labour market, however, as employment numbers dropped by 147,000. The drop in the unemployment rate was instead driven by a reduction in the labour force participation rate as fewer people actively looked for jobs, likely as a result of the renewed COVID-19 restrictions.

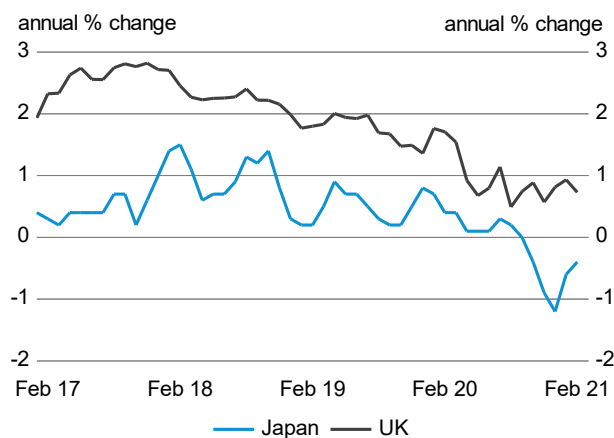
### **Central banks maintain policy support...**

Central banks in the UK, Japan and Thailand all maintained their low policy rates this week, and the European Central Bank increased the pace of its bond-buying programme to counter the recent sell-off in debt markets. In the US, Federal Reserve Board Governor Brainard reiterated a commitment to maintain support, noting a focus on "outcomes rather than outlook". Meanwhile, central banks in Turkey, Brazil and Russia increased policy rates amid concerns over rising inflation.

### **...as inflation remains subdued**

Annual consumer price inflation in the UK and Japan remained subdued in February, with the annual rate falling to 0.7% in the UK and rising to -0.4% in Japan (Figure 4).

**Figure 4: Consumer price inflation**



Source: Haver

### **Euro area consumer confidence jumps...**

Consumer confidence in the euro area increased sharply in March, despite expectations of a fall as restrictions were tightened in several countries. The index rose to -10.8, the highest level since February 2020 but still well short of pre-pandemic levels. With virus cases continuing to rise, the recovery in consumer confidence is unlikely to be sustained over the coming months.

### **...despite new infections rising...**

Mobility restrictions have been reinstated in France, Germany and Italy amid a surge in cases of a more transmissible strain of COVID-19. Restrictions are not as tight as during previous lockdowns, suggesting that they may be in place for longer as the countries work to vaccinate their populations.

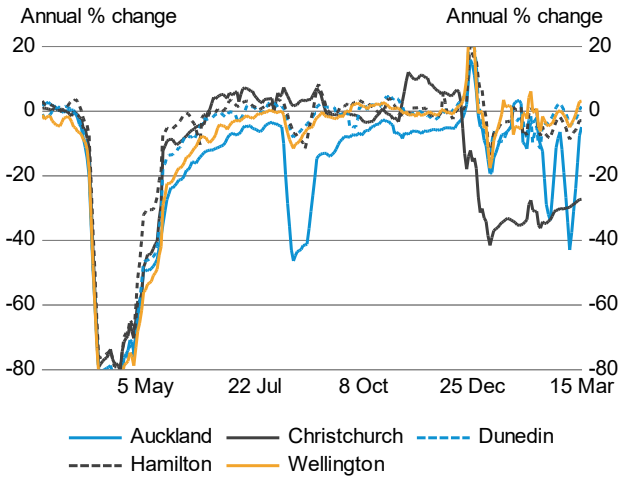
### **...and vaccine distribution failing to keep pace**

Difficulties with securing and distributing vaccines continue in Europe, with the European Union (EU) now taking a tougher stance on the exporting of EU-made vaccines. Securing vaccines is only part of the problem, however, given that nearly a fifth of delivered vaccines in the EU have not been used and a growing percentage of Europeans consider the AstraZeneca vaccine to be unsafe.

Date	Key upcoming NZ data	Previous
30 Mar	Building consents issued	+2.1% (qpc)
31 Mar	ANZ Business Confidence	0.0% (net)
1 Apr	ANZ Consumer Confidence	113.1 (index)

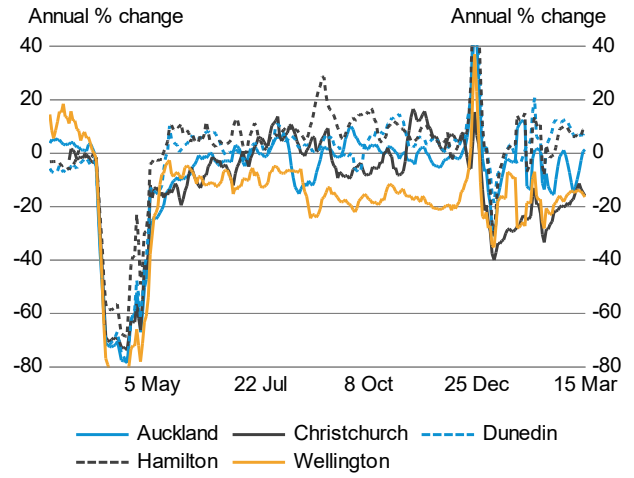
# High-Frequency Indicators (Domestic)

## Traffic Movement



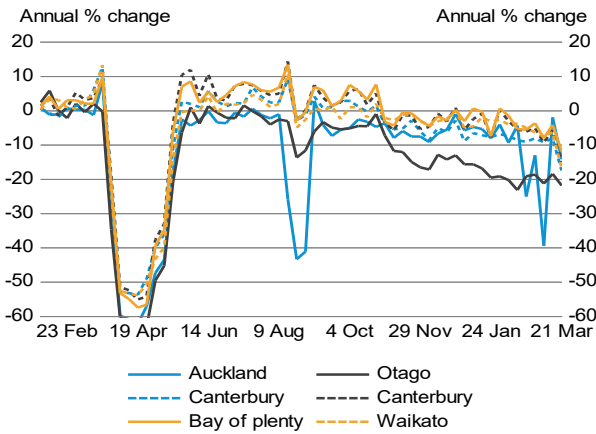
Source: Waka Kotahi NZ Transport Agency

## Freight Movement



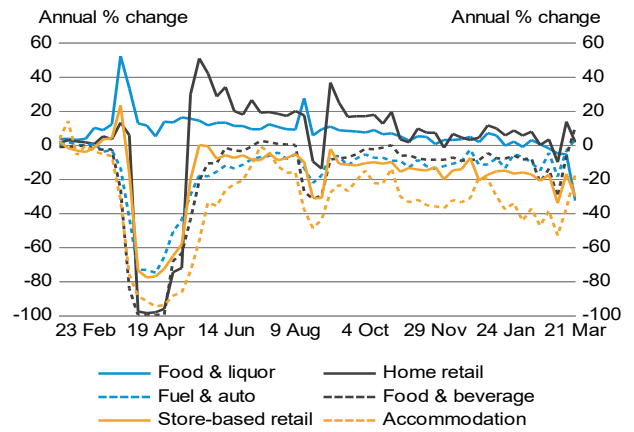
Source: Waka Kotahi NZ Transport Agency

## Spending by Region



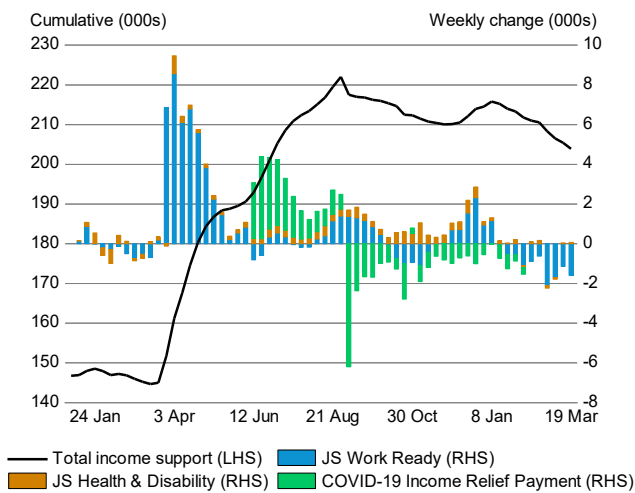
Source: Marketview data via MBIE

## Spending by Industry



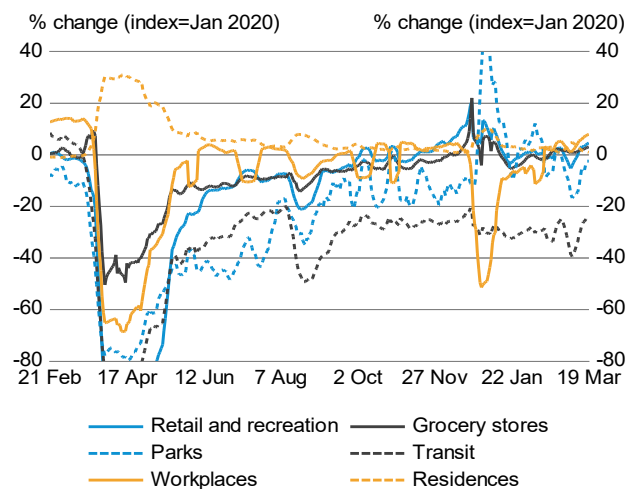
Source: Marketview data via MBIE

## Jobseeker (JS) and Income Support Recipients



Source: MSD

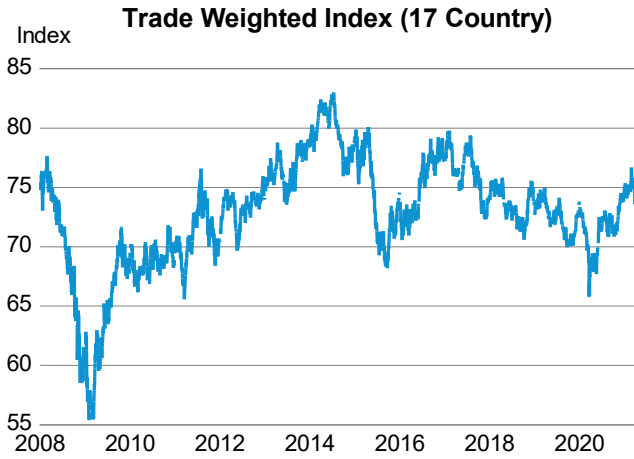
## People Movements at Selected Locations



Source: Google

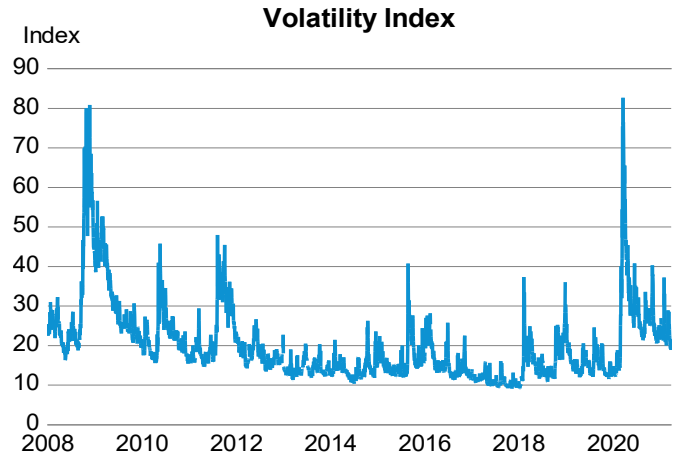
# High-Frequency Indicators (Global)

## Trade Weighted Index



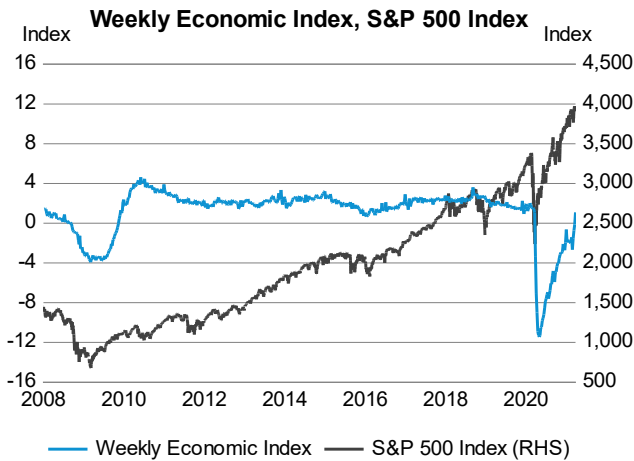
Source: RBNZ

## Volatility Index



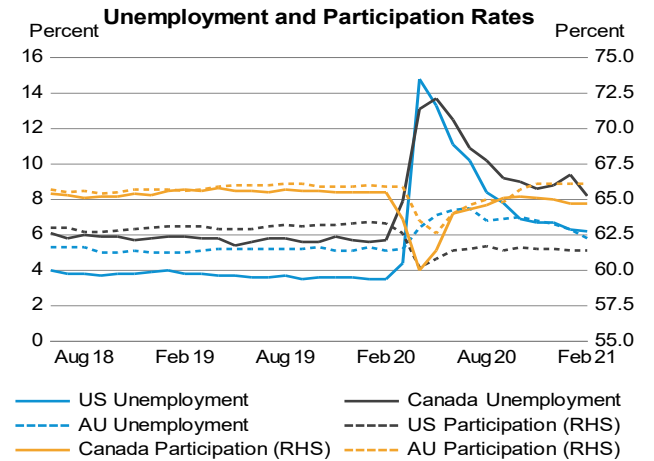
Source: Haver

## US Activity and Equities



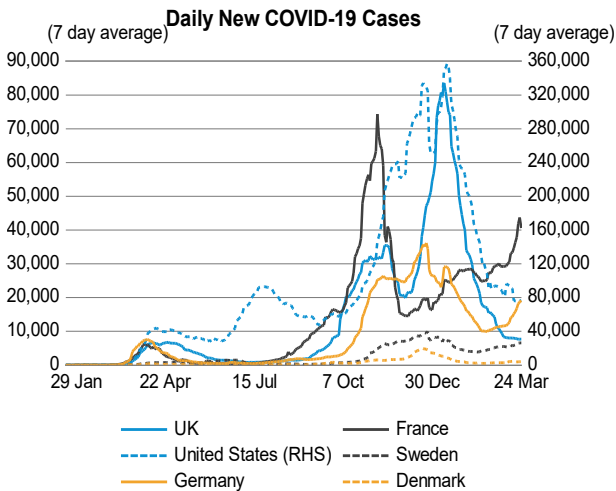
Sources: Federal Reserve Bank of New York, Haver

## Labour Markets



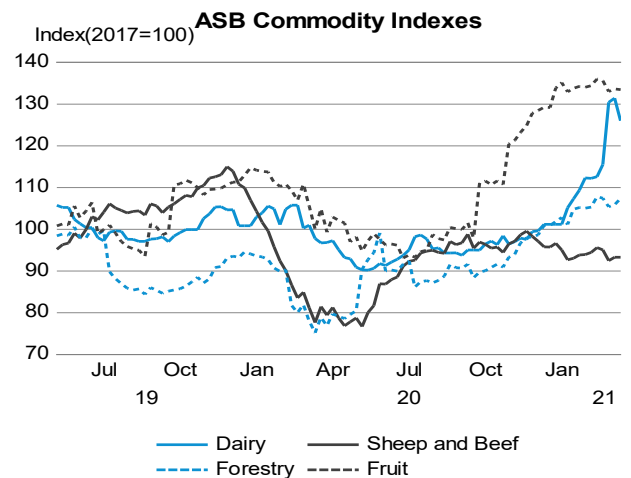
Source: Haver

## COVID-19 Cases



Sources: World Health Organisation/Haver

## World Commodity Prices



Source: ASB

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	3,287	2,984	2,733	2,364
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		12 Feb	19 Feb	26 Feb	5 Mar	12 Mar	19 Mar
Jobseeker Support	number	211,026	210,573	208,335	206,541	205,446	203,925
Work Ready	number	132,858	132,234	130,113	128,415	127,272	125,682
Health Condition and Disability	number	78,171	78,339	78,219	78,126	78,174	78,243
COVID-19 Income Relief Payment	number	...	...	...	...	...	...
Full-time	number	...	...	...	...	...	...
Part-time	number	...	...	...	...	...	...
Daily Indicators		Wed 17/3/21	Thu 18/3/21	Fri 19/3/21	Mon 22/3/21	Tue 23/3/21	Wed 24/3/21
<b>NZ exchange and interest rates (5)</b>							
NZD/USD	\$	0.7186	0.7249	0.7158	0.7151	0.7111	0.6994
NZD/AUD	\$	0.9291	0.9259	0.9245	0.9263	0.9200	0.9194
Trade weighted index (TWI)	index	75.3	75.6	75.0	75.0	74.5	73.6
Official cash rate (OCR)	%	0.25	0.25	0.25	0.25	0.25	0.25
90 day bank bill rate	%	0.33	0.34	0.34	0.35	0.34	0.34
10 year govt bond rate	%	1.73	1.79	1.84	1.82	1.71	1.57
<b>Share markets (6)</b>							
Dow Jones	index	33,015	32,862	32,628	32,731	32,423	32,420
S&P 500	index	3,974	3,915	3,913	3,941	3,911	3,889
VIX volatility index	index	19.2	21.6	21.0	18.9	20.3	21.2
AU all ords	index	7,048	7,004	6,960	6,995	6,987	7,014
NZX 50	index	12,622	12,496	12,515	12,329	12,394	12,359
<b>US interest rates</b>							
3 month OIS	%	0.07	0.07	0.07	0.07	0.07	...
3 month Libor	%	0.19	0.19	0.20	0.19	0.20	...
10 year govt bond rate	%	1.63	1.71	1.74	1.69	1.63	1.62
<b>Commodity prices (6)</b>							
WTI oil	US\$/barrel	64.55	59.95	61.43	61.48	57.75	61.18
Gold	US\$/ounce	1,730	1,725.90	1,735.20	1,736.15	1,726.20	1,730.50
CRB Futures	index	498	498.87	505.03	506.84	507.65	506.74

(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
<b>United States</b> [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		...	...	...
	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	...	
<b>Japan</b> [6.1%]	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	-0.4	...
	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	...	...
	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	...
<b>Euro area</b> [5.5%]	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	...	...
	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	-10.8	
<b>United Kingdom</b> [2.7%]	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		5.0	...	...
	Retail sales volume	apc	2.7	4.5		6.0	2.3	3.1		-5.9	...	...
	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	-16.0	
<b>Australia</b> [15.8%]	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	...	...
	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	
<b>China</b> [24.3%]	GDP	apc			4.9				6.5			
	Industrial production	apc	5.6	6.9		6.9	7.0	7.3		35.1	35.1	...
	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	...
<b>South Korea</b> [3.0%]	GDP (1)	qpc			2.1				1.2			
	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