

High risk countries identified...

The two-week suspension of all flights into New Zealand from India ended on Wednesday. Brazil, Pakistan and Papua New Guinea have now joined India as being designated “very high risk countries”, with only New Zealand citizens and their immediate families eligible for entry into New Zealand. Australia has also announced that it will suspend all direct flights from India until 15 May.

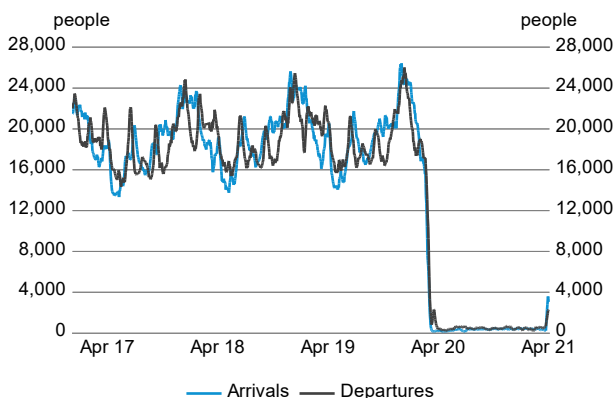
...and quarantine free travel from Western Australia resumes...

New Zealand resumed quarantine-free travel with Western Australia from midday Wednesday, following a three-day lockdown following a breach at a hotel quarantine site in Western Australia.

...with increases in arrivals and departures

As expected, the travel bubble has resulted in an increase in both arrivals and departures, with daily arrivals averaging around 3,000 people per day in the past week (Figure 1), compared to around 400 people per day over the six months prior. Departures have averaged around 2,300 people per day over the past week compared to around 500 per day over the six months prior.

Figure 1: Average daily border crossings

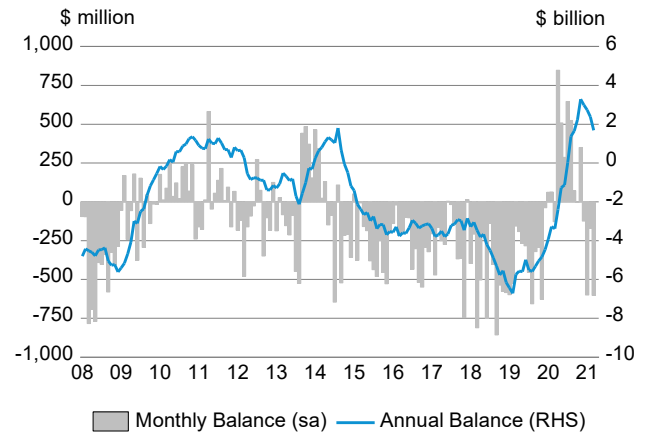


Source: NZ Customs Service

Monthly trade deficit widens

The seasonally adjusted monthly trade deficit widened as import values increased by more than export values, resulting in a March quarter deficit of \$1.1 billion. The annual trade surplus continued to decline from November’s record high, falling to \$1.7 billion (Figure 2).

Figure 2: Overseas merchandise trade



Source: Stats NZ

On a seasonally adjusted monthly basis, goods exports rose for the second month, though values for the March quarter as a whole were down compared to the previous quarter. Fruit and dairy products rose strongly in the month, while log exports recovered from a dip in February and meat exports were flat. Seasonally adjusted monthly goods imports rose sharply to reach the highest level ever in a March month. For the March quarter, both consumption and capital goods imports were up around 10% compared to 2020.

Business confidence bounces back in April

The final April read of the ANZ Business Outlook Survey showed that business confidence rose 6 points in April from the preliminary read, to a net -2%, and own activity lifted 6 points to 22%.

According to ANZ, improved sentiment was likely influenced by the announcement of the trans-Tasman bubble.

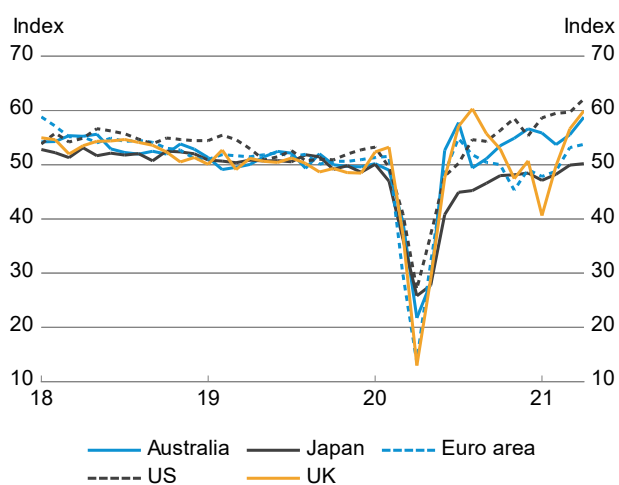
Cost and pricing intentions remain elevated. Cost expectations rose 3 points to a net 76.1% of respondents reporting higher costs, and a net 55.8% are intending to raise prices.

Activity indicators in the construction sector have fallen significantly. Residential construction intentions fell 13 points and commercial construction intentions were down 17 points. Freight disruptions remain especially problematic and have worsened for construction and retail.

The global recovery gathers pace...

Purchasing Managers Index (PMI) readings indicate an ongoing global recovery in April, though some divergence between countries is apparent. In the US, UK and Australia, composite output indices rose to around 60 in April, indicating strong economic expansion (Figure 3). Fiscal stimulus and vaccination progress are helping to drive the recoveries in the US and UK, while the continued elimination of COVID-19 in Australia is supporting the recovery there. Services indices in the US and UK are both at record levels, reflecting the transition from goods to services demand as public gathering restrictions ease.

Figure 3: Composite output PMI



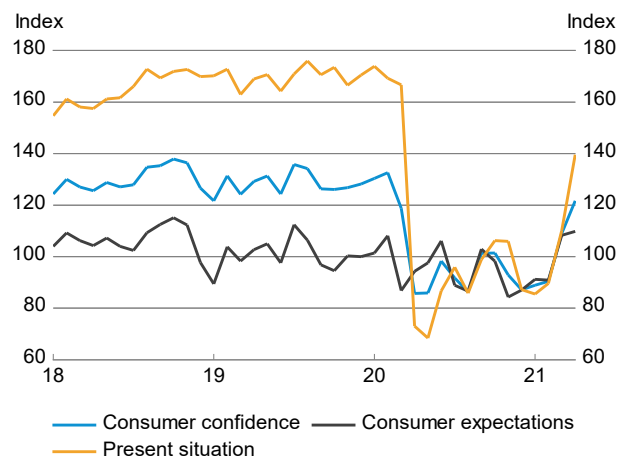
Source: Haver

PMI readings in Japan and the euro area were more subdued, showing little growth compared to March (Figure 3). Japan issued a two-week state of emergency on 25 April amid rising COVID-19 cases, while many European countries enforced tight restrictions in April.

...led by the United States...

Data from the US continue to show an accelerating recovery, with the consumer confidence index jumping 13 points in April (Figure 4). The increase was driven by a 30-point rise in the present situation index, reflecting the boost from stimulus payments and the improving labour market. Meanwhile, annual house price growth in the US reached its highest level since 2006, March trade data reflected strong domestic demand, and President Biden announced further fiscal stimulus with his \$1.8 trillion American Families Plan.

Figure 4: US consumer confidence



Source: Haver

...as Australian inflation remains subdued...

Australian consumer prices rose 0.6% in the March quarter, bringing annual CPI inflation to 1.1%. Inflation was weaker than expected, and was mainly driven by higher fuel costs compared with the low prices in the March 2020 quarter. The result suggests relatively weak domestic price pressures as the Australian economy continues to recover.

...and central banks maintain support...

The US Federal Reserve held policy settings unchanged this week, stating that their inflation and employment goals are a long way from being achieved while acknowledging the stronger economic outlook. Supportive policy settings were also maintained by central banks for the euro area, Sweden and Japan, while the Bank of Russia increased its policy rate amid rising inflation.

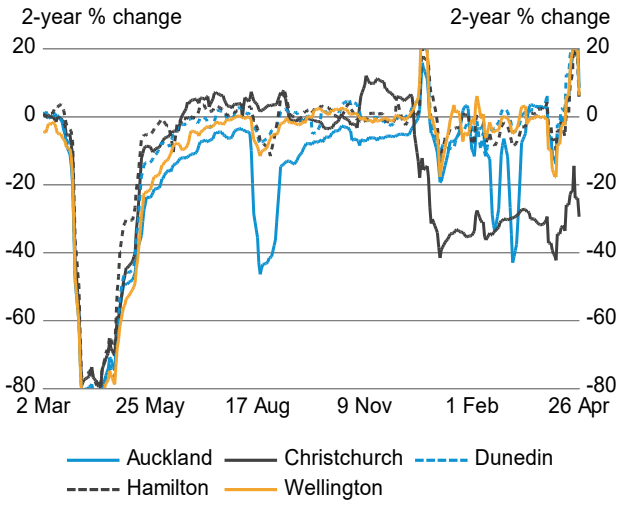
...amid a growing resurgence in virus cases

Global COVID-19 cases have trended upwards since February, with the daily average new cases reaching a record high this week of 820,000. Daily deaths have also trended upwards to around 13,000 per day but have not yet reached the January peak of 14,000. India is seeing the most severe resurgence, with daily new cases reaching above 300,000. Meanwhile, nearly one third of the US population has been fully vaccinated, and new guidance from the Centers for Disease Control and Prevention says that inoculated people can socialise outdoors without wearing a mask.

Date	Key upcoming NZ data	Previous
5 May	Unemployment rate	4.9%
6 May	Building consents issued	-18.2% (mpc)
6 May	ANZ Business Confidence	-2.0 (net %)

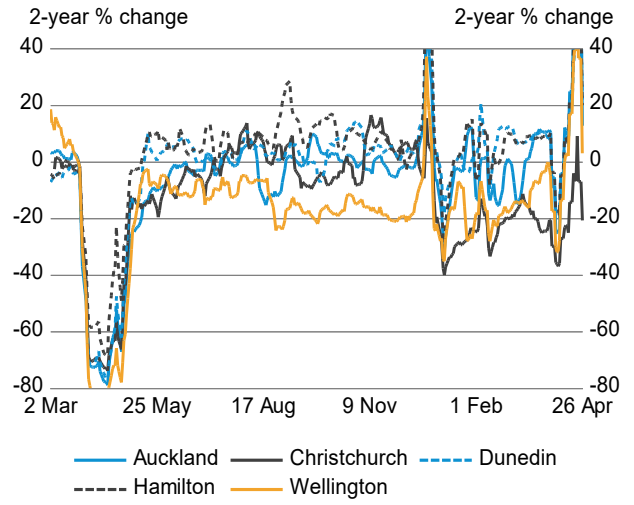
High-Frequency Indicators (Domestic)

Traffic Movement



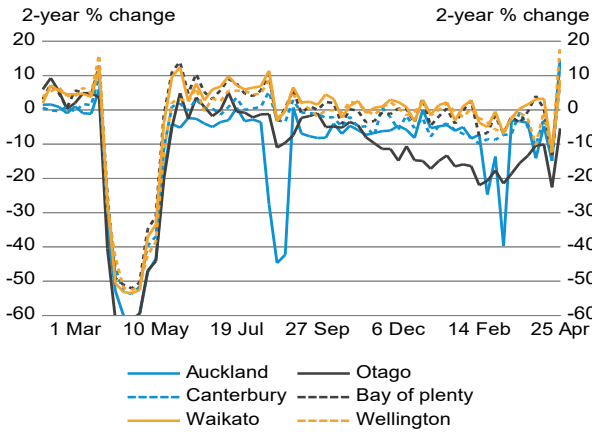
Source: Waka Kotahi NZ Transport Agency

Freight Movement



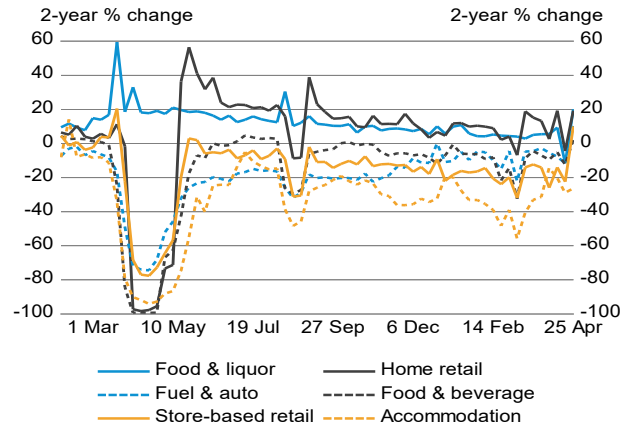
Source: Waka Kotahi NZ Transport Agency

Spending by Region



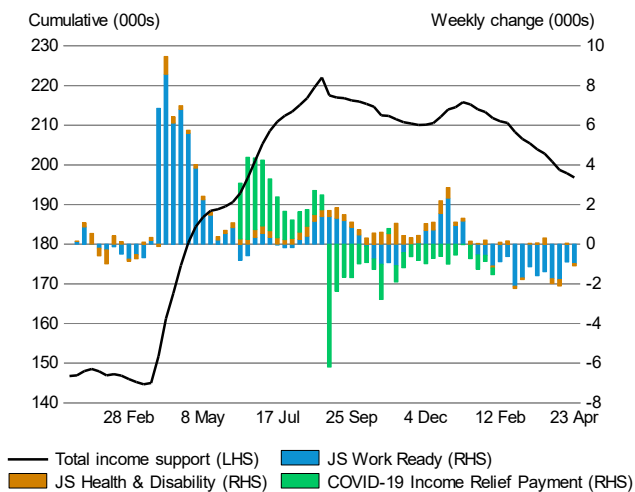
Source: Marketview data via MBIE

Spending by Industry



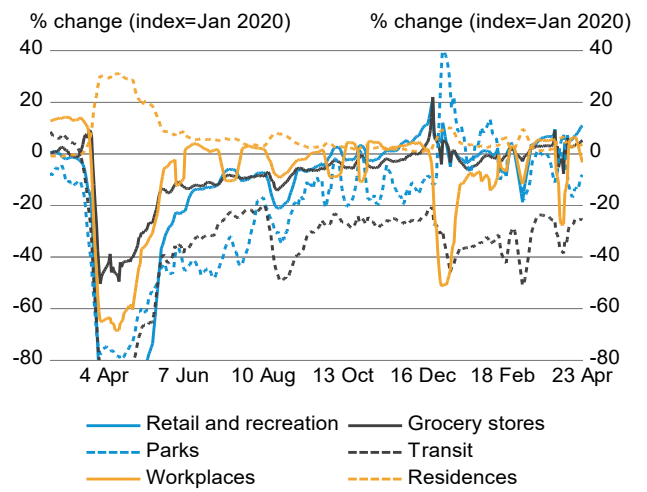
Source: Marketview data via MBIE

Jobseeker (JS) and Income Support Recipients



Source: MSD

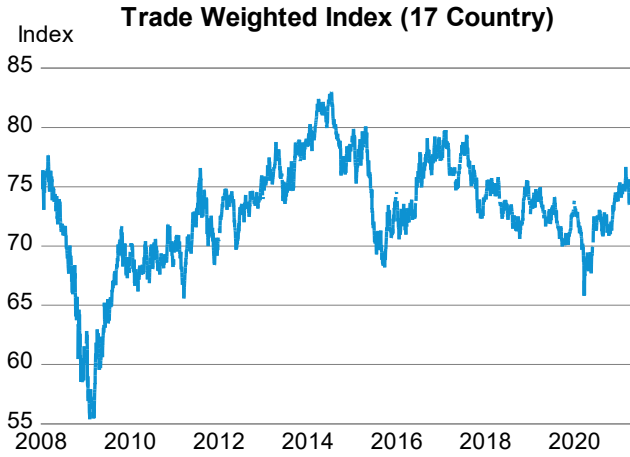
People Movements at Selected Locations



Source: Google

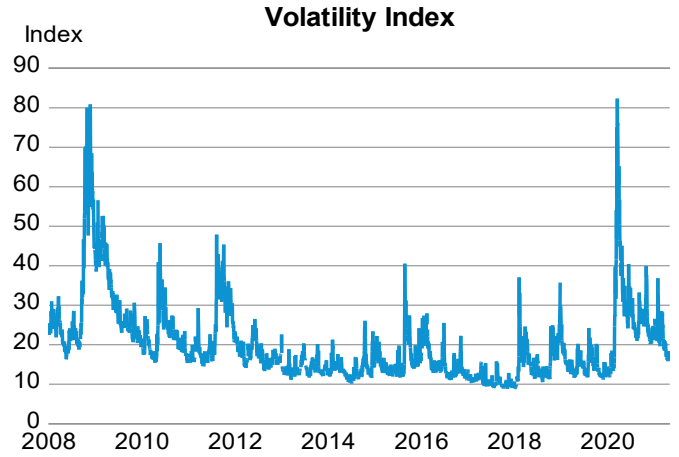
High-Frequency Indicators (Global)

Trade Weighted Index



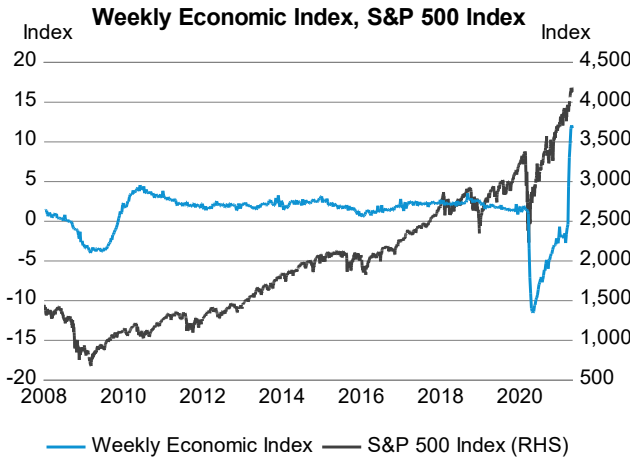
Source: RBNZ

Volatility Index



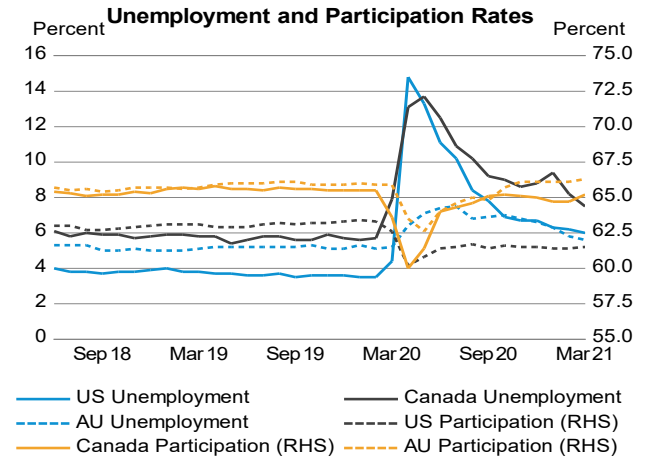
Source: Haver

US Activity and Equities



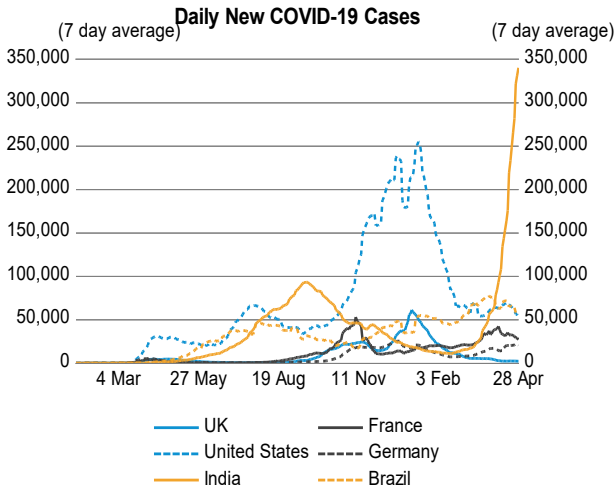
Sources: Federal Reserve Bank of New York, Haver

Labour Markets



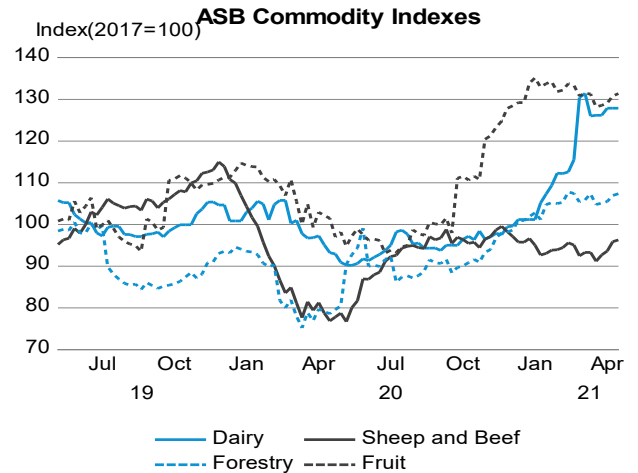
Source: Haver

COVID-19 Cases



Sources: World Health Organisation/Haver

World Commodity Prices



Source: ASB

Quarterly Indicators		2019Q4	2020Q1	2020Q2	2020Q3	2020Q4	2021Q1
Real Production GDP (1)	qpc	0.1	-1.2	-11.0	13.9	-1.0	...
	aapc	2.4	1.7	-1.7	-2.3	-2.9	...
Current account balance (annual)	%GDP	-3.3	-2.8	-1.8	-0.8	-0.8	...
Merchandise terms of trade	apc	7.1	5.4	6.3	-0.3	-1.7	...
CPI inflation	qpc	0.5	0.8	-0.5	0.7	0.5	0.8
	apc	1.9	2.5	1.5	1.4	1.4	1.5
Employment (HLFS) (1)	qpc	0.4	1.0	-0.3	-0.7	0.6	...
Unemployment rate (1)	%	4.1	4.2	4.0	5.3	4.9	...
Participation rate (1)	%	70.4	70.7	69.9	70.1	70.2	...
LCI salary & wage rates - total (2)	apc	2.6	2.5	2.1	1.8	1.6	...
QES average hourly earnings - total (2)	apc	3.6	3.6	3.0	3.6	4.2	...
Core retail sales volume	apc	3.3	4.0	-11.7	7.7	4.2	...
Total retail sales volume	apc	3.3	2.3	-14.2	8.3	4.8	...
WMM - consumer confidence (3)	Index	109.9	104.2	97.2	95.1	106.0	105.2
QSBO - general business situation (1,4)	net%	-30.4	-68.4	-57.4	-37.7	-15.7	-10.7
QSBO - own activity outlook (1,4)	net%	2.5	-12.2	-23.5	-0.5	9.1	7.8
Monthly Indicators		Nov 20	Dec 20	Jan 21	Feb 21	Mar 21	Apr 21
Merchandise trade balance (12 month)	NZ\$m	3,287	2,982	2,731	2,382	1,688	...
Dwelling consents - residential	apc	19.9	26.9	18.0	-4.7	...	...
House sales - dwellings	apc	34.0	46.3	6.9	19.0	31.2	...
REINZ - house price index	apc	16.0	17.8	18.9	21.4	24.0	...
Estimated net migration (12 month total)	people	50,464	42,211	31,628	17,428	...	...
ANZ NZ commodity price index	apc	-10.9	-5.9	-1.6	0.1	4.0	...
ANZ world commodity price index	apc	-5.5	-0.4	5.2	11.0	20.2	...
ANZBO - business confidence	net%	-6.9	9.4	...	7.0	-4.1	-2.0
ANZBO - activity outlook	net%	9.1	21.7	...	21.3	16.6	22.2
ANZ-Roy Morgan - consumer confidence	net%	106.9	112.0	113.8	113.1	110.8	...
Weekly Benefit Numbers		19 Mar	26 Mar	2 Apr	9 Apr	16 Apr	23 Apr
Jobseeker Support	number	203,925	202,848	200,865	198,750	197,901	196,806
Work Ready	number	125,682	124,290	122,550	120,762	119,859	118,878
Health Condition and Disability	number	78,243	78,558	78,309	77,988	78,042	77,931
COVID-19 Income Relief Payment	number	...	...	...	...	...	...
Full-time	number	...	...	...	...	...	...
Part-time	number	...	...	...	...	...	...
Daily Indicators		Wed 21/4/21	Thu 22/4/21	Fri 23/4/21	Mon 26/4/21	Tue 27/4/21	Wed 28/4/21
NZ exchange and interest rates (5)							
NZD/USD	\$	0.7175	0.7209	0.7172	...	0.7223	0.7197
NZD/AUD	\$	0.9298	0.9299	0.9287	...	0.9272	0.9302
Trade weighted index (TWI)	index	75.0	75.3	75.0	...	75.3	75.2
Official cash rate (OCR)	%	0.25	0.25	0.25	0.25	0.25	0.25
90 day bank bill rate	%	0.34	0.35	0.35	...	0.35	0.35
10 year govt bond rate	%	1.61	1.58	1.56	...	1.60	1.63
Share markets (6)							
Dow Jones	index	34,137	33,816	34,043	33,982	33,985	33,820
S&P 500	index	4,173	4,135	4,180	4,188	4,187	4,183
VIX volatility index	index	17.5	18.7	17.3	17.6	17.6	17.3
AU all ords	index	7,259	7,312	7,321	7,308	7,296	7,320
NZX 50	index	12,535	12,577	12,651	...	12,621	12,646
US interest rates							
3 month OIS	%	0.07	0.07	0.07	0.07	0.07	...
3 month Libor	%	0.17	0.18	0.18	0.18	0.18	...
10 year govt bond rate	%	1.57	1.57	1.58	1.58	1.63	1.63
Commodity prices (6)							
WTI oil	US\$/barrel	61.35	61.43	62.18	62.02	63.03	63.86
Gold	US\$/ounce	1,798	1,787.75	1,781.80	1,773.35	1,784.15	1,772.20
CRB Futures	index	521	522.55	524.62	527.96	534.93	533.72

(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		2020Q3	Oct 20	Nov 20	Dec 20	2020Q4	Jan 21	Feb 21	Mar 21	2021Q1	Apr 21
United States [9.6% share of total goods exports]	GDP (1)	qpc	7.5				1.1				...	
	Industrial production (1)	mpc		1.1	0.9	1.0		0.9	-2.6	1.4		...
	CPI	apc		1.2	1.2	1.4		1.4	1.7	2.6		...
	Unemployment rate (1)	%		6.9	6.7	6.7		6.3	6.2	6.0		...
	Employment change (1)	000s		680.0	264.0	-306.0		233.0	468.0	916.0		...
	Retail sales value	apc		5.6	3.8	2.3		9.4	6.5	27.9		...
	House prices (2)	apc		8.1	9.2	10.1		11.1	11.9	...		...
Japan [6.1%]	PMI manufacturing (1)	index		58.8	57.7	60.5		58.7	60.8	64.7		...
	Consumer confidence (1)(3)	index		101.4	92.9	87.1		88.9	90.4	109.0		121.7
	GDP (1)	qpc	5.3				2.8				...	
Euro area [5.5%]	Industrial production (1)	mpc		2.1	0.7	-0.2		3.1	-1.3	...		...
	CPI	apc		-0.4	-0.9	-1.1		-0.6	-0.4	-0.2		...
	Unemployment rate (1)	%		3.1	3.0	3.0		2.9	2.9	...		...
	Retail sales value	apc		6.4	0.6	5.0		2.7	3.7	5.2		...
	PMI manufacturing (1)	index		48.7	49.0	50.0		49.8	51.4	52.7		...
	Consumer confidence (1)(4)	index		33.3	33.6	31.8		30.0	33.7	36.1		...
	GDP (1)	qpc	12.5				-0.7					...
United Kingdom [2.7%]	Industrial production (1)	mpc		2.5	2.2	-0.1		0.8	-1.0	...		...
	CPI	apc		-0.3	-0.3	-0.3		0.9	0.9	1.3		...
	Unemployment rate (1)	%		8.5	8.3	8.2		8.3	8.3	...		...
	Retail sales volume	apc		4.5	-1.6	1.2		-5.2	-2.9	...		...
	PMI manufacturing (1)	index		54.8	53.8	55.2		54.8	57.9	62.5		...
	Consumer confidence (5)	index		-15.5	-17.6	-13.8		-15.5	-14.8	-10.8		-8.1
	GDP (1)	qpc	16.9				1.3					...
Australia [15.8%]	Industrial production (1)	mpc		0.7	0.8	0.0		-1.8	1.0	...		...
	CPI	apc		0.7	0.4	...		...	...	...		...
	Unemployment rate (1)	%		4.9	5.0	5.1		5.0	4.9	...		...
	Retail sales volume	apc		6.1	2.2	3.1		-5.9	-3.6	7.1		...
	House prices (6)	apc		5.8	6.5	7.3		6.4	6.9	5.7		...
	PMI manufacturing (1)	index		53.7	55.6	57.5		54.1	55.1	58.9		...
	Consumer confidence (1)(5)	net %		-31.0	-33.0	-26.0		-28.0	-23.0	-16.0		-15.0
China [24.3%]	GDP (1)	qpc	3.4				3.1				...	...
	CPI	apc	0.7				0.9				1.1	...
	Unemployment rate (1)	%		7.0	6.8	6.6		6.3	5.8	5.6		...
	Retail sales value	apc		7.7	12.1	10.3		10.3	5.2	...		...
	House Prices (7)	apc	5.0				4.3				...	...
South Korea [3.0%]	PMI manufacturing (1)	index		56.3	52.1	55.3		55.3	58.8	59.9		...
	Consumer confidence (8)	index		105.0	107.7	112.0		107.0	109.1	111.8		118.8
	GDP	apc	4.9				6.5				18.3	...
China [24.3%]	Industrial production	apc		6.9	7.0	7.3		35.1	35.1	14.1		...
	CPI	apc		0.5	-0.5	0.2		-0.3	-0.2	0.4		...
	PMI manufacturing (1)	index		51.4	52.1	51.9		51.3	50.6	51.9		...
South Korea [3.0%]	GDP (1)	qpc	2.1				1.2				1.6	...
	Industrial production (1)	mpc		-0.5	0.5	2.7		-1.2	4.3	...		...
	CPI	apc		0.1	0.6	0.5		0.6	1.1	1.5		...

(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