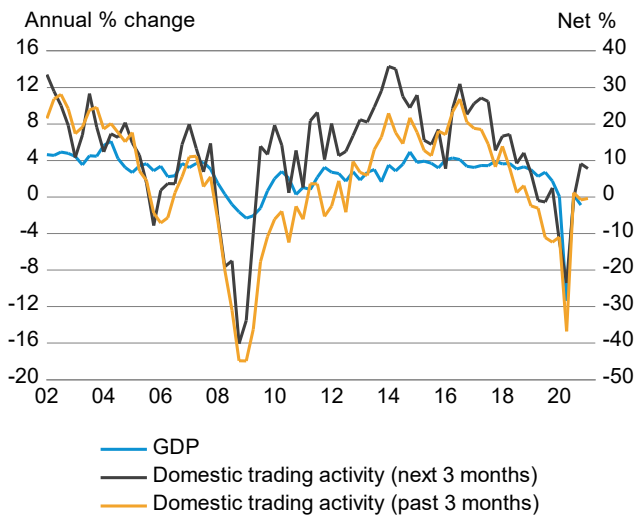


Business confidence broadly unchanged in the March quarter...

Firms' domestic trading activity in the March Quarterly Survey of Business Opinion (QSBO) remained evenly split between those who experienced a rise and those who experienced a fall in activity (Figure 1). However, employment and investment intentions picked up.

Figure 1: Domestic trading activity and GDP



Source: NZIER, Stats NZ

Headline business confidence improved modestly, however remains negative with a net 11% of firms expecting a deterioration in general economic conditions in the next six months, up from the net 16% expecting a deterioration in December.

Firms reported significant supply chain disruptions, particularly impacting the retail sector. More retailers reported increases in costs, while expected sales have softened, and expectations of profitability have fallen.

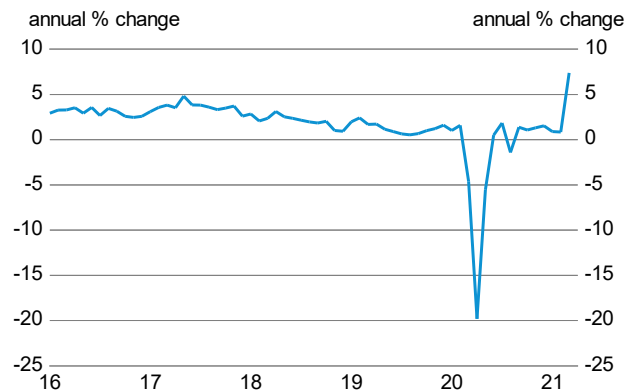
Large falls in expected stock levels are evident among building materials businesses and retailers. Meanwhile, building construction firms reported a sharp rise in the difficulty finding skilled labour, consistent with ongoing high levels of capacity utilisation.

Firms reported stronger price cost pressures and an increased ability to raise prices. Pricing power in the construction industry is particularly strong, with net 25% of firms putting up prices in the March quarter and about half expecting to raise prices in June. Increased cost pressures highlight the risk of inflation pressures over the coming year.

...with activity up over the same time last year...

The March update of the NZAC index indicates activity growth of 7.4% compared to March 2020 (Figure 2).

Figure 2: New Zealand Activity Indicator



Sources, the Treasury, Various

Given activity remained at close to normal levels in March 2021, with Auckland coming out of alert level 3 in the first week of the month and the rest of NZ at alert level 1 for most of the month, this month's annual percentage change is relatively high due to the higher alert level restrictions in place in March last year.

...as spending growth tapers off...

Total electronic card spending rose by 2.0% in March, driven by a 1.8% increase in durable spending, to be up 7.8% compared to March 2020.

Electronic card spending fell by 1.7% in the March quarter with spending down in all industries except for durables. After rebounding from lockdown in the June quarter, the level of retail spending has trended down slightly over the past six months. While spending by New Zealanders has been strong, the continued lack of international tourists during the peak summer months has had an impact.

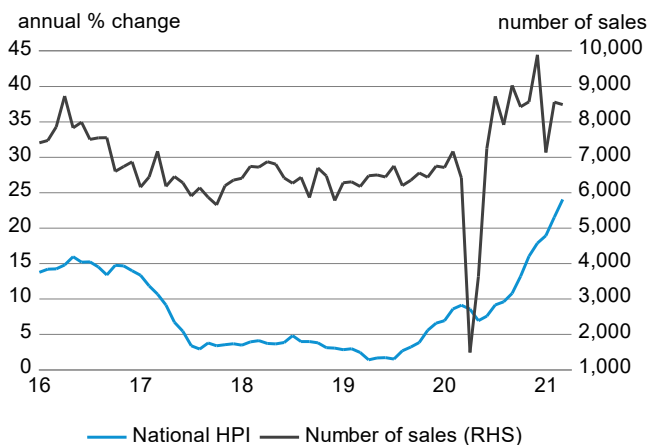
...and house price growth remains strong

Housing market activity continued to remain robust in March, with houses prices rising 3.0% from February to be up 24.0% over the year to March (Figure 3).

Sales activity remains elevated despite a small easing in the month. Although now appearing to be easing from their highs in late 2020, the total number of sales in the three months to March were 20.7% higher than a year ago.

Low interest rates, a search for yield and buyers eager to buy properties before the reinstatement of higher loan-to-value ratio restrictions from May 2021 are believed to be behind the strength in housing market activity recently, which saw this month matching the record low for median days to sell in a March month, at 28 days.

Figure 3: House prices and number of sales



Source: REINZ

Data over the next few months will begin to provide an early indication of the impact of the government's tax adjustments on housing.

Monetary stimulus settings unchanged

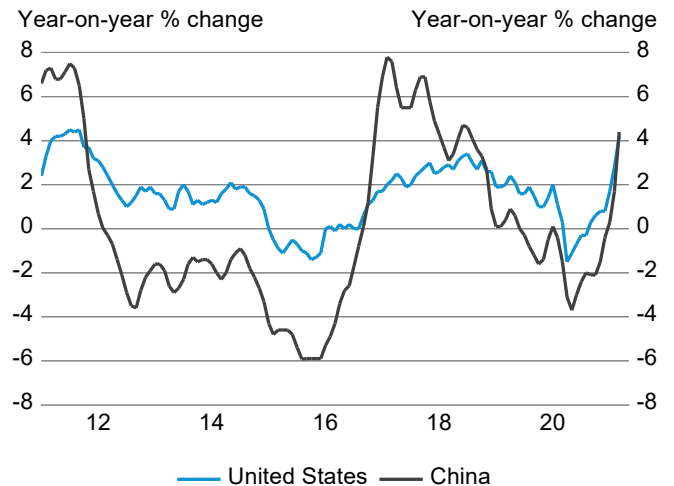
The RBNZ agreed to maintain current monetary policy settings, keeping the Official Cash Rate (OCR) at 0.25% and the Large Scale Asset Purchase and Funding for Lending programmes unchanged. The RBNZ stated that economic uncertainty remains high despite the improved global outlook and that further stimulus will be provided if needed.

Inflation concerns building internationally

Producer price index (PPI) inflation in the United States (US) and China rose by more than expected in March. In the US, the PPI rose by 1.0% in March compared to February, mostly owing to higher energy costs. Producer prices are now 4.2% above their year-ago levels, the quickest annual growth since September 2011 (Figure 4). The core consumer price index (CPI), which excludes food and energy costs, rose by 0.3% in March compared to February, taking the annual increase to 1.6%,

while the overall annual CPI rose from 1.7% to 2.6%. Inflation expectations are also rising, with the Federal Reserve Bank of New York consumer survey of year-ahead inflation expectations increasing from 3.1% to 3.2% in March. The US central bank is expected to look through the increase in inflation, which they expect to moderate by the December quarter.

Figure 4: Producer price inflation



Source: Haver

In China, the PPI was 4.4% higher in March compared to a year ago, the quickest increase since December 2017. The CPI fell by 0.5% in March, driven by a 3.6% reduction in food prices. The annual inflation rate increased from -0.2% in February to 0.4% in March, mostly reflecting seasonal and base effects.

Strong trade growth in China

China's imports and exports increased by more than 30% in March compared to the same time last year, driven by base effects and a strong domestic and global recovery. The rise in exports fell short of market expectations, while imports rose more than expected. This could suggest that the export recovery is peaking, with the pandemic-induced boost to the demand for Chinese manufactured goods reversing as the global vaccination roll-out gathers pace. China's imports from the US rose to a record high in the March quarter, but the trade imbalance still grew owing to strong exports. China's imports from Australia also grew strongly despite restrictions and increased tariffs on various goods, including wine, barley, coal and red meat.

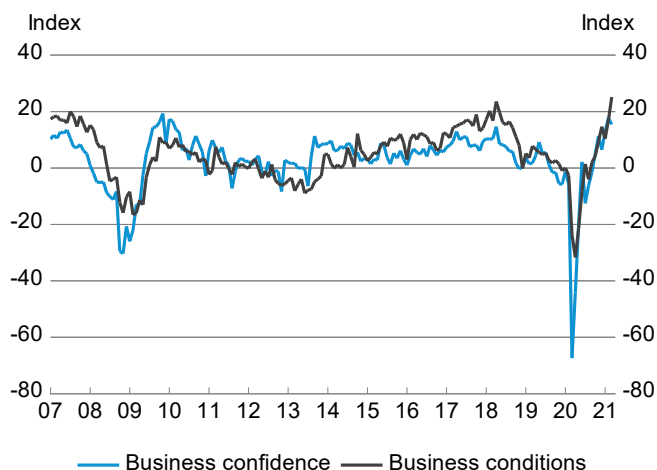
Unemployment falls further in Australia...

The unemployment rate declined by a further 0.2 percentage points to 5.6% in March, while the participation rate ticked up from 66.1% to 66.3%. The number of employed people increased by 0.5%, taking it above year-ago levels, and the number of unemployed people declined by 3.4%. The end of the JobKeeper wage subsidy on 28 March 2021 will start being reflected in April's labour force statistics.

...as business conditions reach record high

Business conditions rose to a record high in the March National Australia Bank (NAB) Monthly Business Survey, driven by broad-based strength across states and sectors (Figure 5). While business confidence dipped slightly, it remains at a high level. Capacity utilisation is at or above pre-pandemic levels in all but the recreation and personal services sector, which is still affected by COVID-19 restrictions. Meanwhile, consumer confidence increased by 6.2% to 118.8 in April, as measured by the Westpac-Melbourne Institute Index of Consumer Sentiment, its highest level since August 2010.

Figure 5: Australia business conditions & confidence

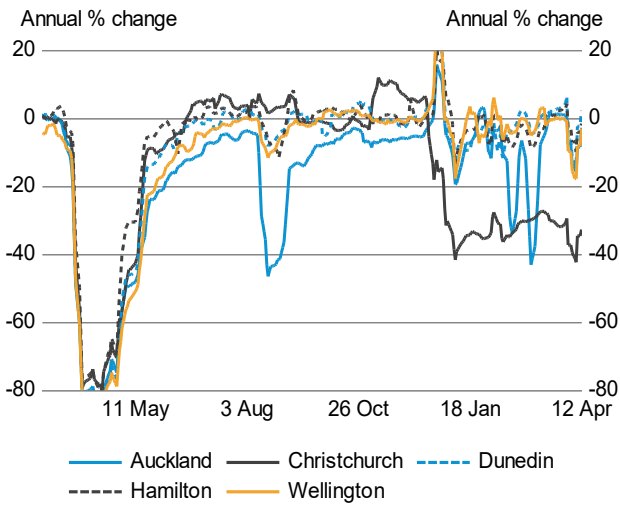


Source: Haver

Date	Key upcoming NZ data	Previous
19 Apr	BNZ - PSI	49.1
21 Apr	Consumers Price Index	+ 1.4%

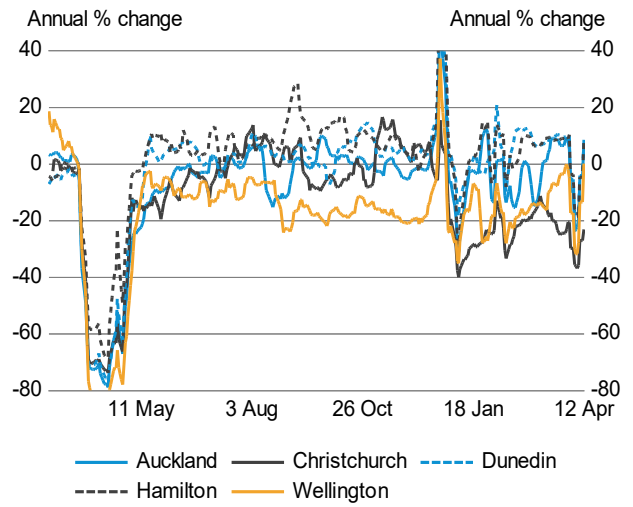
High-Frequency Indicators (Domestic)

Traffic Movement



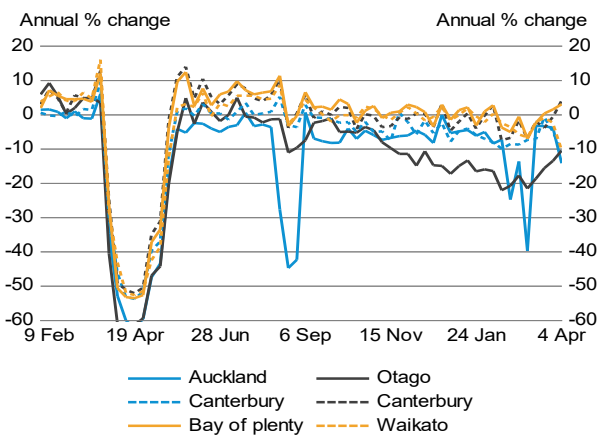
Source: Waka Kotahi NZ Transport Agency

Freight Movement



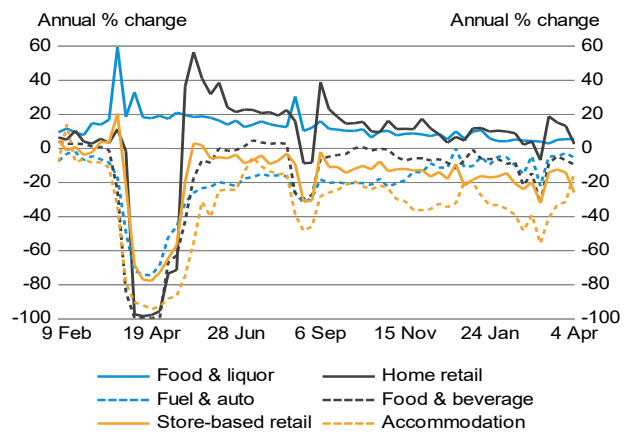
Source: Waka Kotahi NZ Transport Agency

Spending by Region



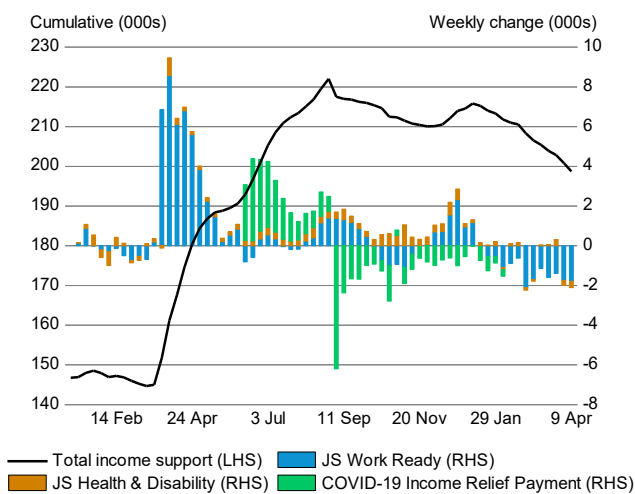
Source: Marketview data via MBIE

Spending by Industry



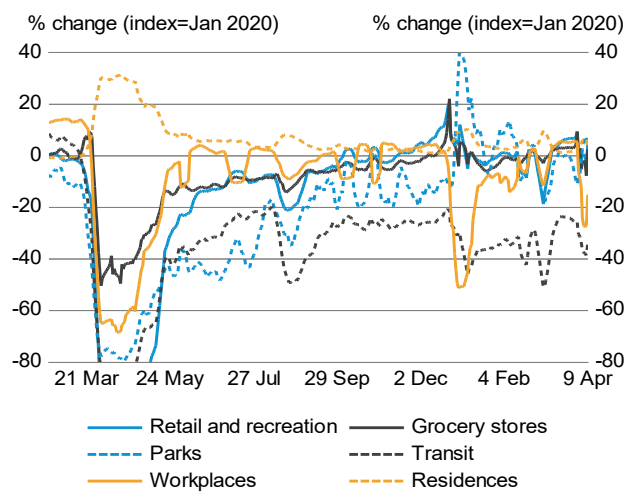
Source: Marketview data via MBIE

Jobseeker (JS) and Income Support Recipients



Source: MSD

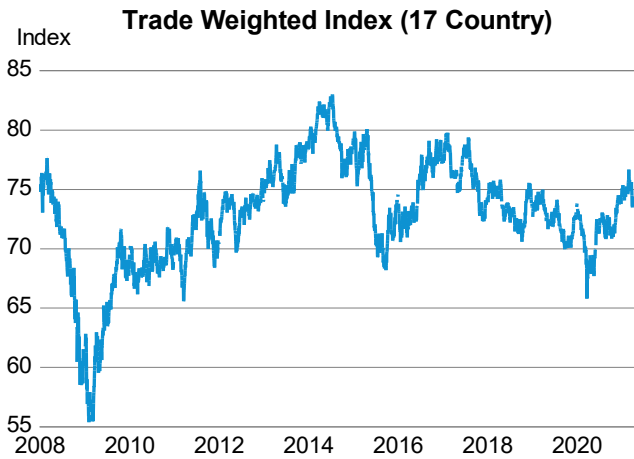
People Movements at Selected Locations



Source: Google

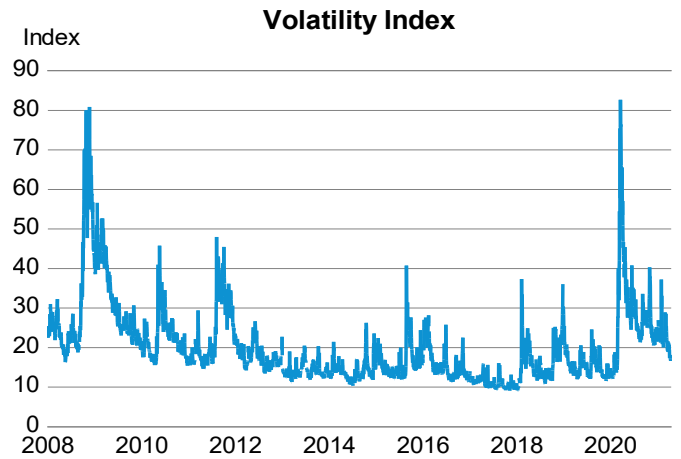
High-Frequency Indicators (Global)

Trade Weighted Index



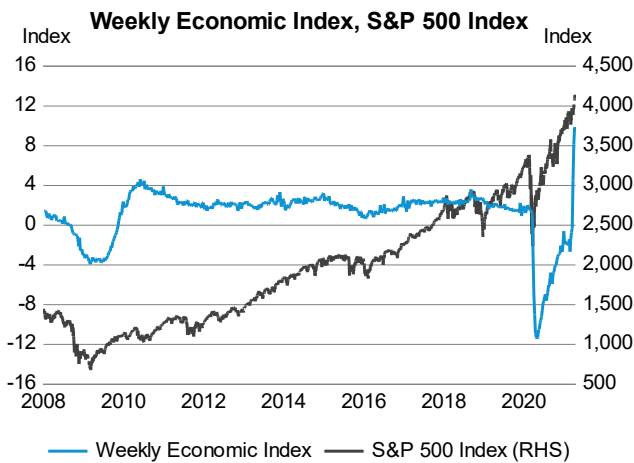
Source: RBNZ

Volatility Index



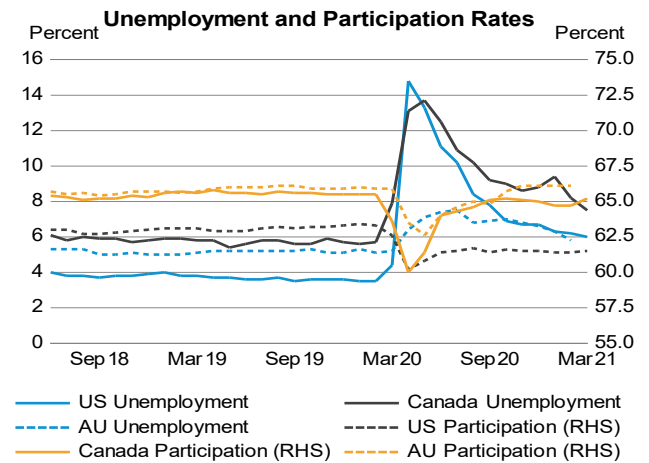
Source: Haver

US Activity and Equities



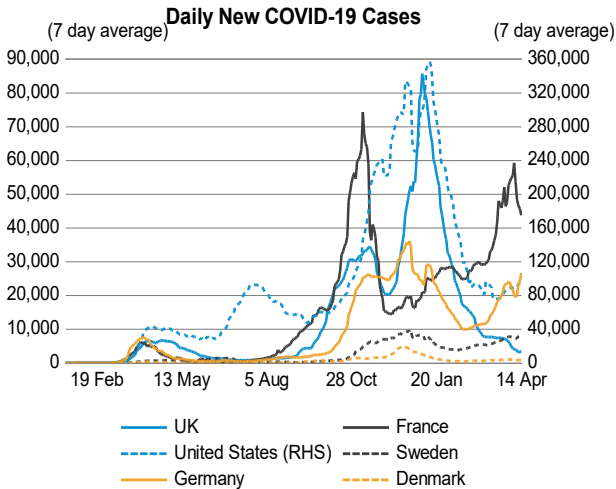
Sources: Federal Reserve Bank of New York, Haver

Labour Markets



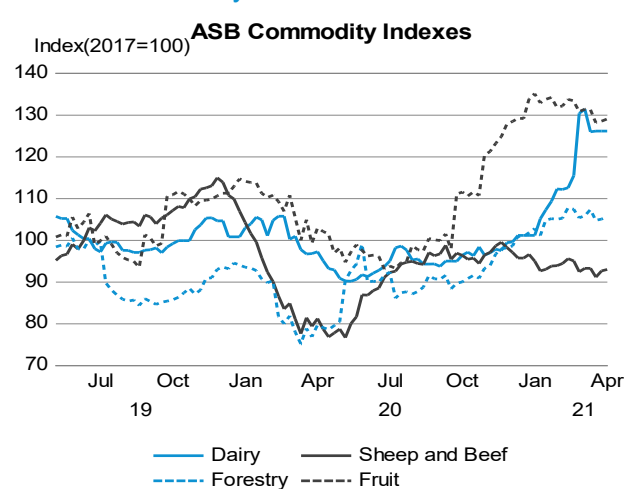
Source: Haver

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	...
	apc	1.9	2.5	1.5	1.4	1.4	...
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		Oct 20	Nov 20	Dec 20	Jan 21	Feb 21	Mar 21
Merchandise trade balance (12 month)	NZ\$m	2,223	3,287	2,984	2,733	2,364	...
Dwelling consents - residential	apc	7.2	19.9	26.9	18.0	-4.7	...
House sales - dwellings	apc	30.0	34.0	46.3	6.9	19.0	31.2
REINZ - house price index	apc	13.2	16.0	17.8	18.9	21.4	24.0
Estimated net migration (12 month total)	people	58,594	50,464	42,211	31,628	17,428	...
ANZ NZ commodity price index	apc	-5.6	-10.9	-5.9	-1.6	0.1	4.0
ANZ world commodity price index	apc	-2.3	-5.5	-0.4	5.2	11.0	20.2
ANZBO - business confidence	net%	-15.7	-6.9	9.4	...	7.0	-4.1
ANZBO - activity outlook	net%	4.7	9.1	21.7	...	21.3	16.6
ANZ-Roy Morgan - consumer confidence	net%	108.7	106.9	112.0	113.8	113.1	110.8
Weekly Benefit Numbers		5 Mar	12 Mar	19 Mar	26 Mar	2 Apr	9 Apr
Jobseeker Support	number	206,541	205,446	203,925	202,848	200,865	198,750
Work Ready	number	128,415	127,272	125,682	124,290	122,550	120,762
Health Condition and Disability	number	78,126	78,174	78,243	78,558	78,309	77,988
COVID-19 Income Relief Payment	number	...	...	...	...	...	...
Full-time	number	...	...	...	...	...	...
Part-time	number	...	...	...	...	...	...
Daily Indicators		Wed 7/4/21	Thu 8/4/21	Fri 9/4/21	Mon 12/4/21	Tue 13/4/21	Wed 14/4/21
NZ exchange and interest rates (5)							
NZD/USD	\$	0.7059	0.7011	0.7051	0.7019	0.7013	0.7055
NZD/AUD	\$	0.9208	0.9213	0.9224	0.9232	0.9213	0.9228
Trade weighted index (TWI)	index	74.2	73.9	74.2	74.1	74.0	74.2
Official cash rate (OCR)	%	0.25	0.25	0.25	0.25	0.25	0.25
90 day bank bill rate	%	0.34	0.33	0.32	0.32	0.32	0.32
10 year govt bond rate	%	1.76	1.75	1.71	1.74	1.75	1.69
Share markets (6)							
Dow Jones	index	33,446	33,504	33,801	33,745	33,677	33,731
S&P 500	index	4,080	4,097	4,129	4,128	4,142	4,125
VIX volatility index	index	17.2	17.0	16.7	16.9	16.7	17.0
AU all ords	index	7,177	7,250	7,252	7,225	7,231	7,281
NZX 50	index	12,488	12,633	12,574	12,519	12,656	12,751
US interest rates							
3 month OIS	%	0.07	0.07	0.07	0.07	0.07	...
3 month Libor	%	0.19	0.19	0.19	0.19	0.18	...
10 year govt bond rate	%	1.68	1.64	1.67	1.69	1.64	1.64
Commodity prices (6)							
WTI oil	US\$/barrel	59.77	59.60	59.29	59.70	60.20	...
Gold	US\$/ounce	1,738	1,755.50	1,741.20	1,732.85	1,747.95	...
CRB Futures	index	508	510.64	511.23	509.39	512.08	...

(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		2020Q2	Oct 20	Nov 20	Dec 20	2020Q3	Jan 21	Feb 21	Mar 21	2020Q4	Apr 21
United States [9.6% share of total goods exports]	GDP (1)	qpc	-9.0				7.5				1.1	
	Industrial production (1)	mpc		1.0	0.9	1.0		1.1	-2.2	...		...
	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		5.4	3.8	2.3		9.5	6.3	...		...
	House prices (2)	apc		8.1	9.2	10.2		11.1	...	...		...
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	109.7		...
	GDP (1)	qpc	-8.3				5.3				2.8	
	Industrial production (1)	mpc		4.0	-0.5	-1.0		4.3	-2.1	...		...
	CPI	apc		-0.4	-0.9	-1.1		-0.6	-0.4	...		...
	Unemployment rate (1)	%		3.1	3.0	3.0		2.9	2.9	...		...
Euro area [5.5%]	Retail sales value	apc		6.4	0.6	5.0		2.7	3.7	...		...
	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	-11.6				12.5				-0.7	
	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	...		...
United Kingdom [2.7%]	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		...
	GDP (1)	qpc	-19.5				16.9				1.3	
	Industrial production (1)	mpc		0.7	0.8	0.0		-1.8	1.0	...		...
	CPI	apc		0.7	0.4	...		...	...	...		...
Australia [15.8%]	Unemployment rate (1)	%		4.9	5.0	5.1		5.0	...	...		...
	Retail sales volume	apc		6.1	2.2	3.0		-5.9	-3.6	...		...
	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		...
	GDP (1)	qpc	-7.0				3.4				3.1	
China [24.3%]	CPI	apc	-0.3				0.7				0.9	
	Unemployment rate (1)	%		7.0	6.8	6.6		6.3	5.8	...		...
	Retail sales value	apc		7.7	12.1	10.3		10.3	5.2	...		...
	House Prices (7)	apc	6.6				5.0				4.3	
	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
South Korea [3.0%]	GDP	apc	3.2				4.9				6.5	
	Industrial production	apc		6.9	7.0	7.3		35.1	35.1	...		...
	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	-3.2				2.1				1.2	
	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