

## September 2007

### Executive Summary

- **The economy grew reasonably strongly in the June quarter, but there are signs of slower growth ahead in domestic demand.**
- **The current account deficit narrowed and the terms of trade were at a thirty-year high, and we expect net exports to contribute to a rebalancing of growth in coming quarters.**
- **Some stability returned to international financial markets and the New Zealand dollar strengthened again.**

Economic growth in the June quarter was reasonably strong and in line with our *Budget Update* forecast of 0.7%. Consumption growth slowed from its surge in the previous quarter partly because of higher petrol prices and interest rates, and business investment was lower. Since the June quarter, there has been a further interest rate increase and turmoil in global financial markets, pointing to further slowing in domestic demand.

The current account deficit narrowed further in the June year to 8.2% of GDP, down from a revised peak of 9.3% in the first half of 2006. We expect the reduction in the deficit over the medium term to be modest as it is dominated by investment income outflows generated by the economy's net international debtor position of around 90% of GDP.

The terms of trade stood at more than a thirty-year high in the June quarter. Higher dairy prices, combined with slower domestic demand, will lead to a rebalancing of the economy in coming quarters.

Other data released in September also pointed to a slowing in domestic demand in the quarter. Retail sales were weak in July for the second consecutive month, suggesting only moderate consumption growth in the quarter. However, consumer confidence held steady as people overlooked the current risks and remained confident about the future.

The housing market showed further signs of softening as migration continued to fall on an annual basis, past interest rate increases took effect and consents for new dwellings increased at a slower pace, indicating reduced residential investment in coming quarters. The special topic in this issue examines the outlook for the housing market in more detail.

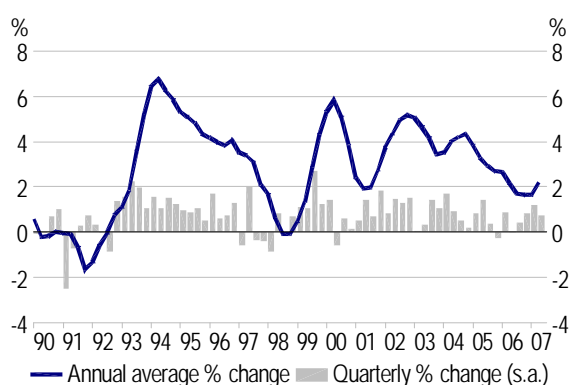
Businesses remained reasonably optimistic about their own activity in September, with the agricultural industry particularly positive. Some stability returned to international financial markets and the New Zealand dollar strengthened again as demand for high-yielding currencies returned. The Reserve Bank maintained the Official Cash Rate at 8.25%, noting the increased uncertainty and evenly balanced risks.

The main macroeconomic statistics for the June quarter, which were released in September, showed a reasonably robust picture of the economy. Growth in real GDP was in line with our *Budget Update* forecast and is expected to continue to moderate in coming quarters; the current account deficit narrowed in the June quarter and the merchandise terms of trade reached their highest level in more than 30 years.

### Economic growth stronger than expected ...

Growth in real GDP, estimated on a production basis, eased to 0.7% in the June quarter from 1.2% in March (all figures seasonally adjusted). This result was stronger than our revised estimate of 0.5%, but the same as our *Budget Update* forecast. Upward revisions to recent data took growth in the June year to 2.2% from a trough of 1.7% in the past three quarters.

Figure 1 – Growth in real production GDP



Source: Statistics NZ

The services sector grew 0.9% in the June quarter and made the main contribution to growth in production GDP in the quarter, continuing the pattern of the past three years. The finance, insurance and business services industry made the largest contribution within the services sector, growing 1.5% in the quarter, with business services and lending growth particularly strong.

The primary sector also made a positive contribution to quarterly growth, mainly thanks to increased output from Maui and Pohokura oilfields, while agriculture recorded a decline as a result of reduced slaughterings of cattle (possibly as a result of higher dairy herd retentions) and a fall in dairy output from its March quarter surge. Goods producing industries detracted from growth as a decline in construction offset the second successive quarter of growth in manufacturing.

### ... but showed some signs of weakness

Growth in GDP on an expenditure basis was 0.8% in the June quarter, taking annual average growth to 2.8%. Private consumption growth eased to 0.6% in June from its 2.1% surge in the March quarter. Higher interest rates and petrol prices may have slowed growth in expenditure on durables, but spending on non-durables and consumption overseas (perhaps encouraged by the strong NZ dollar) remained robust.

Residential investment increased 3.8% in the June quarter, its strongest growth since mid 2004 and taking annual average growth positive for the first time since early 2005. This growth reflects the recovery in the housing market in late 2006 and an increase in residential building consents in early 2007. However, we do not expect it to be sustained as past interest rate increases take effect and sales of existing homes slow.

Other investment fell 2.9% in the June quarter, following strong growth in March, as investment in plant, machinery and equipment fell 5.9%. Net exports made a negative contribution to growth, with export volumes up only 0.5% as lower dairy and meat volumes partly offset increased services exports. Import volumes increased 2.5% with lower consumption and capital goods imports partly offsetting higher services imports.

An increase in inventories accounted for all of the growth in expenditure GDP in net terms, on our estimate of a 0.8 percentage point contribution. Distribution inventories accounted for most of the increase, particularly oil and motor vehicles. The increase in inventories may be a result of a slowing in final demand and importers taking advantage of the high NZ dollar.

### Other measures of activity increased strongly

Expenditure GDP increased 6.0% in the June year in current dollar terms, taking nominal GDP to \$166.7 billion. This was around \$1.8 billion higher than our *Budget Update* forecast, about half of which was due to revisions to historical data. The GDP deflator (the widest measure of inflation in the economy) increased 3.1% in the June year (its largest annual average increase since March 2005), as the gross national expenditure deflator (representing the components of domestic demand) increased 2.4% and export prices increased 3.5%.

The increase in export prices reflected the higher terms of trade and boosted real gross national disposable income (RGNDI) growth to 3.2% in the June year, up from 1.9% in March. RGNDI is a measure of the volume of goods and services New Zealand residents can buy, whereas GDP is a measure of economic activity. The higher growth in RGNDI shows the additional income flowing into the economy from higher commodity prices.

### Positives and negatives in GDP figures

The June quarter GDP figures contain a mixture of positive and negative implications for future growth in the economy. The near 4% annual growth rate in the first half of 2007 was higher than we expected and will boost annual figures in coming quarters. The strong growth in nominal GDP and RGNDI shows the income growth that is resulting from the higher terms of trade and is likely to support consumption growth. The faster growth in nominal GDP, however, also points to greater resource and inflation pressures.

The latest figures mean that labour productivity growth in the year to June was 1.5%, picking up from an average of 0.6% in the previous three June years. This is positive for future growth, especially as the labour market remains tight. However, the fall in business investment in the June quarter will limit the expansion of capacity.

Although private consumption growth was higher than we expected in the June quarter, it slowed - partly because of higher interest rates and petrol prices. The financial turmoil in world markets, the latest interest rate increase from the Reserve Bank in late July and the collapse of some finance companies in New Zealand are additional negative factors that have all occurred since the June quarter. However, Fonterra announced its forecast of a higher dairy payout for the 2007/08 season since the end of the June quarter. We expect the magnitude of the dairy payout to outweigh any effects of the international financial turmoil and finance company uncertainty, but these factors do still pose some risk.

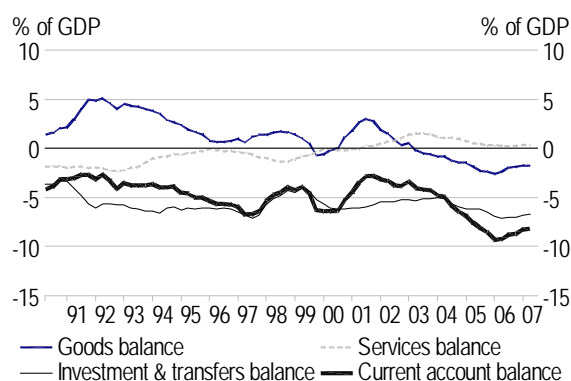
We expect higher dairy prices to feature predominantly in the December and March quarters' export figures and exports from the Tui oilfield will begin to feature in the September quarter. Together they will start to bring about a rebalancing in the economy from domestic to export demand as consumption and residential investment growth slow.

### Current account deficit narrowed ...

The current account recorded a deficit equivalent to 8.2% of nominal GDP in the year to June 2007. Although still large on an historical basis, the deficit has narrowed from its revised peak of 9.3% of GDP in the first half of 2006. The result was more positive than expected because of revisions to education services exports.

The seasonally adjusted quarterly deficit on the goods balance narrowed due to a fall in import values exceeding a fall in export values. Imports fell chiefly due to a fall in consumption goods (their first quarterly decline for a year and one of the largest on record), while exports fell because lower prices for meat, wool and non-food agricultural products offset higher dairy export prices. The surplus on services increased thanks to more visitors to New Zealand and higher spending per visitor, despite the stronger dollar.

Figure 2 – Current account deficit



Source: Statistics NZ

However, the deficit on investment income flows widened in the June quarter as a rise in income earned by foreign investments in New Zealand outweighed a rise in income earned on New Zealand's investment abroad. The former is a result of higher dividend payments to foreign investors and increased debt-servicing costs for New Zealand's overseas borrowings. There was a partial offset to this increased outflow of funds from increased net inflows of current transfers as non-resident withholding tax received from foreign investors rose sharply.

We expect the current account deficit to continue to narrow in coming quarters as higher dairy prices flow through to goods exports and slowing domestic demand curtails consumption imports. However, over the medium term the reduction in the deficit is expected to be modest as it is dominated by the investment income deficit which is equivalent to around 7% of GDP. The

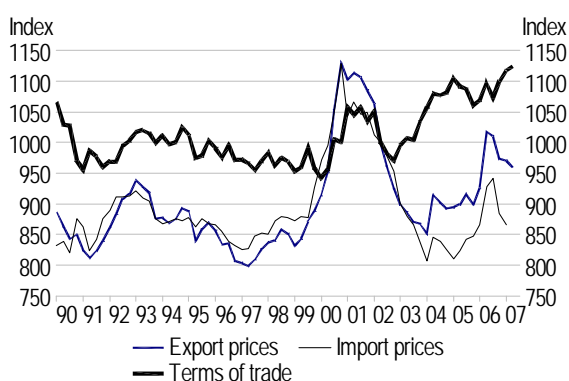
prevalence of debt in the net international investment position (NIIP) makes it relatively insensitive to the business and profit cycle. New Zealand's NIIP was a net debtor position of \$149 billion, equivalent to 89.5% of GDP, in the June year.

The annual merchandise trade deficit remained steady at around \$6.3 billion in July and August, pointing to little change in the goods deficit of the current account in the September quarter.

### Terms of trade showed slight increase

The merchandise terms of trade increased 0.6% in the June quarter, below market expectations, but recorded a 2.4% annual increase, taking them to their highest level since the early 1970s.

**Figure 3 – Merchandise terms of trade**



Source: Statistics NZ

Merchandise export prices declined 1.2% in the June quarter, while import prices declined 1.7%, giving a 0.6% increase in the terms of trade. The price declines reflected the impact of the stronger exchange rate on NZ dollar prices. The increase in spot dairy prices is largely still to flow through to recorded export values and other sectors are not experiencing similar price increases. We expect the higher terms of trade to be a major driver of growth in nominal GDP in the March 2008 year, boosting export incomes and contributing to consumption growth. The higher export returns will also lead to a narrowing of the current account deficit.

### Commodity prices increased in September

The ANZ World Commodity Price Index increased 0.4% in September, with dairy prices increasing 0.3%. Butter and cheese prices continued to increase, while milk powder prices registered a small decrease. Nevertheless, dairy prices were up 116% on a year ago and the Index up 36%. In NZ dollar terms, the Index was up 1.5% in the month and equal to its previous record high.

### Other data pointed to further slowing

Second-tier data released in September pointed to a slowing in domestic demand in the September quarter, especially private consumption and the residential investment. Businesses remained reasonably optimistic.

### Retail sales flat in July ...

The total value of retail sales was unchanged in July from the previous month and core retail sales (i.e. excluding volatile motor vehicle-related sales) declined 0.2%. The weak result in July was broad-based and followed a fall in the value of both core and total sales in the month of June. This was the first time since 1998 that core sales have recorded two successive monthly declines and points to only moderate private consumption growth in the September quarter.

### ... but consumer confidence steady

Consumer confidence increased slightly from 111.4 in June to 113.5 in September, according to the Westpac McDermott Miller survey, as optimists continued to outweigh pessimists. In seasonally adjusted terms, the Index was steady. Provincial regions showed some of the largest increases in confidence, reflecting the buoyant mood in the agricultural sector following the announcement of a higher forecast dairy payout for the 2007/08 season of \$6.40/kg of milk solids.

Consumers acknowledged some concern about current conditions with a fall in the "present conditions" index, reflecting the potential negative impact of finance company collapses, rising food and energy prices, higher interest rates and a slowing housing market. However, they were more confident about future conditions, because of the strong labour market (evidenced by the record Employment Confidence Index for the September quarter) and because they regard the risks as transitory. The overall Consumer Confidence Index was positive but still below its level six to nine months ago, indicating slower consumption growth in coming quarters.

### Net migration gain continued to decline

The annual net gain from permanent and long-term migration continued to ease in August as departures increased, particularly to Australia. Although the net inflow jumped from its average of 460 per month (seasonally adjusted) in the past 7 months to 750 in August, the annual net inflow continued to decline from 12,500 a year ago to 8,700. The continuing decline is chiefly due to an increase in departures to Australia which have

increased 17% from 33,700 in the year to August 2006 to 39,400 this year.

### Housing market softened

Lower net migration inflows, combined with higher effective mortgage rates, have led to a slowing in the housing market. The number of house sales has declined in each month this year except May, according to the Real Estate Institute, and in August sales were down 25% from a year ago.

Dwelling consents have been volatile recently because of fee increases applicable from 1 July and so far they do not fully reflect the decline in existing home sales. However, some slowing in growth in consents is apparent with total consents up only 1.1% in August from a year ago and consents excluding apartments up only 1.9%. We expect a decline in dwelling consents later in 2007 or early 2008 following the decline in house sales. The special topic in this month's issue examines the outlook for the housing market in more detail.

### Business outlook remained robust

The National Bank Business Outlook survey showed generally positive results in September. Business confidence strengthened slightly from a net 34% expecting a deterioration in August to a net 27%. The improvement was broad based.

Firms' outlook for their own activity in the next year was steady, with a net 17% expecting an improvement. A net 40% of agricultural respondents reported a positive outlook, boosting the result and reflecting the increased dairy payout forecast for the 2007/08 season announced in August, as well as the lower level of the NZ dollar in early September when the survey was conducted. The net percentage of manufacturers expecting an increase in export volumes in the next rose from 16% to 38%. The Performance of Manufacturing Index had also recorded an increase in August from July.

Firms' pricing intentions and inflation expectations fell marginally in the survey but remained relatively high. The stronger NZ dollar in the June quarter brought some respite in cost increases for firms, with capital goods prices increasing 2.8% over the year (down from 4.1% growth in December 2006) and input prices increased only 1.2% in the year to June (down from 8.0% in June 2006). Some firms have started to restore lost margins, with output prices increasing 1.5% in the year to June, slightly more than the increase in input prices.

### Confidence returned to financial markets

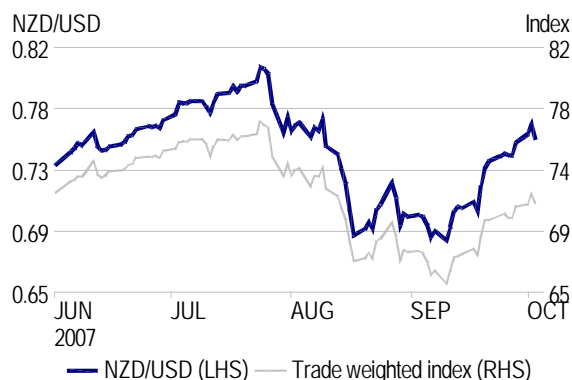
The international financial situation stabilised slightly in September following the turbulence in August, although the short-term prospects for growth worsened, especially in the United States. The US Federal Reserve cut its Funds rate by 50 basis points on 18 September following a weak employment report for August and as the housing market continued to deteriorate. The weak outlook for the US economy, plus expectations of further interest rate cuts, led to a fall in the US dollar in late September to its lowest level since its float in 1973. It has since recovered slightly.

Commodity prices remained high in September, equity markets recovered previous losses and oil prices recorded new highs of US\$83 per barrel (for West Texas Intermediate) as supply concerns dominated the market. Risk appetites returned and carry trades led to a sharp appreciation of high-yielding currencies, including the NZ dollar.

### NZ interest and exchange rates increased

The NZ dollar fell below US 70 cents in early September, but strengthened to end the month at US 75.4 cents and went even higher in early October. Its strength was due to the weak US dollar, increased interest rate differentials and renewed demand for high-yielding currencies; the positive outlook for the Australian economy and consequent strength of the Australian dollar may have also been a factor.

Figure 4 – NZ dollar exchange rate



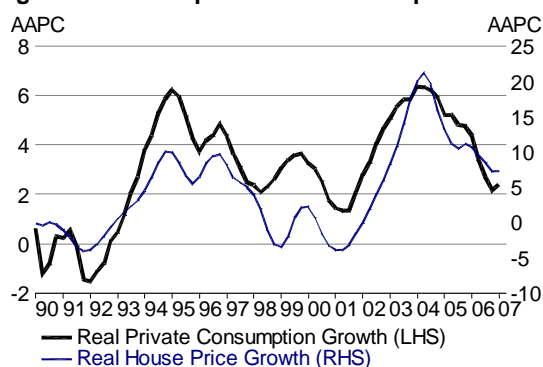
Source: Reserve Bank

The Reserve Bank left the Official Cash Rate (OCR) unchanged at 8.25% in September, noting increased uncertainty and evenly balanced risks arising from the financial market turmoil and higher dairy prices. Ninety-day interest rates averaged 8.8% in September, high relative to the OCR because of ongoing tight liquidity.

## Special Topic: Recent developments and outlook for the housing market

The outlook for the housing market is important for how activity in the broader economy will unfold. Developments in the housing market affect household consumption through households' perceptions of their wealth, their ability to borrow (through providing collateral) and their demand for durables. Figure 5 shows that real private consumption growth and house price growth are highly correlated.

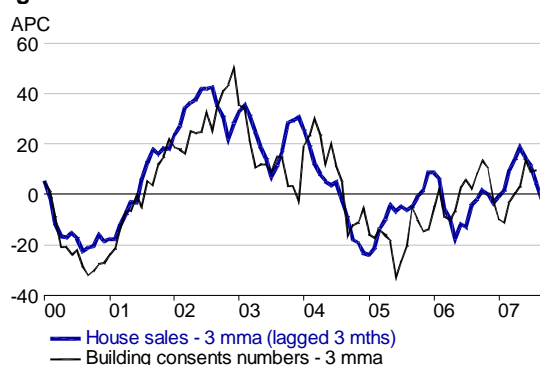
**Figure 5 – House prices and consumption**



Source: Statistics NZ, QVNZ

Activity in the secondary housing market (i.e. trading of the existing housing stock) affects the amount of residential investment undertaken. Figure 6 shows the strong correlation between one measure of secondary housing activity (house sales) and residential building consents.

**Figure 6 – House sales and consents**



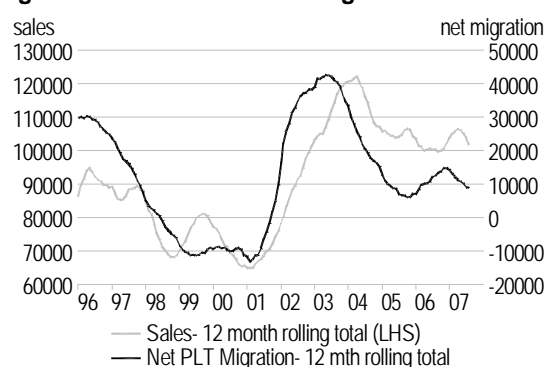
Source: Statistics NZ, REINZ

### Recent developments in the housing market

Since 2001, the housing market has experienced a period of strong growth. Nominal house prices and sales are now respectively 110% and 14% above their June quarter 2001 levels. The corresponding figure for the volume of residential investment is 50%.

Some of the main drivers of this elevated level of activity are: a period of strong net immigration creating an additional demand for housing (see figure 7), low global and domestic interest rates post September 11 2001, a ready supply of lending thanks to bank competition and ample global liquidity, low unemployment and solid wage growth, investor interest in housing and a slow supply response to house price increases.

**Figure 7 – House sales and migration**



Source: Statistics NZ, REINZ

### The housing market looks to be slowing ...

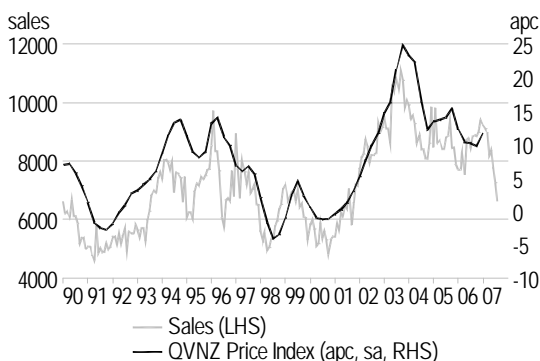
Secondary housing market activity (as measured by both price growth and sales) has come off its peak but is still at a high level, with annual house price inflation sitting at 10.5% in the June quarter of 2007 (according to Quotable Value NZ). This compares to its peak of 22% inflation in the second quarter of 2004. Residential investment has declined on an annual basis for the two years prior to the June quarter 2007. Slowing migration has played a role in this, with permanent and long-term arrivals exceeding departures by 8,700 in the 12 months to August 2007 compared to 42,500 in the 12 months to June 2003.

Data released lately points to a continued slowing of the housing market. Annual growth in housing lending moderated to 3.1% in the three months to August 2007 from 3.5% in the three months to May. In seasonally adjusted terms, the median days to sell a property have increased by 5 days between March and August this year.

Perhaps most tellingly, the volume of sales has fallen in six of the last seven months. Sales are now 25% lower than August last year and the latest reports indicate a further slowing since then in Auckland. Based on historical relationships

(see Figure 8), this suggests that house price inflation will continue to moderate. Consistent with this view, the latest ASB survey of house price expectations in July showed a fall in the number of respondents expecting house prices to increase to a net 32%, down from 56% in April this year.

**Figure 8 – House prices and sales**

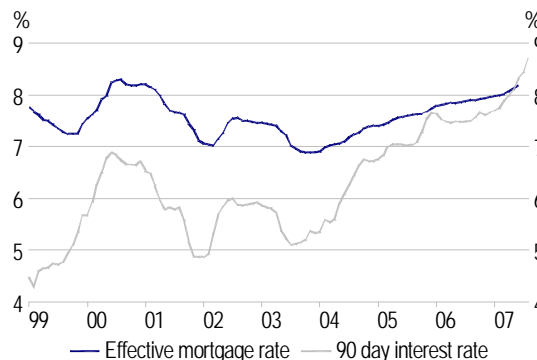


Source: REINZ, QVNZ

**... and we believe this slowing in the secondary market will continue ...**

The outlook for the housing market is for continued slowing. The OCR is currently 100 basis points above its level at the start of the year. Fixed interest rate mortgages mean the pass through from short term interest rates to mortgage rates is lagged (see Figure 9), but with 67% of mortgages (in terms of value) being rolled over to higher interest rates in the next two years this, coupled with the recent slowing migration, should further slow housing activity. As Figure 9 indicated, slowing house price growth will exert downward pressure on private consumption growth.

**Figure 9 – Mortgage and interest rates**



Source: RBNZ

**...meaning residential investment should slow**

The volume of residential work grew 3.4% in the first half of 2007- reflecting the recovery in the secondary market in the second half of 2006. Consent data indicate that residential investment growth is also likely to be strong in the September quarter; monthly trend growth in dwelling consents (including apartments) switched from a 0.6% decline in the second half of 2006 to a 1.8% increase in the first half of 2007.

Looking further out, capacity pressures, coupled with strong global demand for building products (particularly from China), mean it is likely that construction costs will be elevated. Slowing house price growth (for reasons discussed earlier) and elevated construction (and land) costs mean the incentive to build a new house is decreasing and thus growth in residential investment should slow. In line with this we note a net 21% of respondents think residential construction will decrease in the September *National Bank Business Outlook* (compared to a net 21% expecting an increase in April this year).

**Monthly Economic Indicators** is a regular report prepared by the Forecasting and Monitoring team of the Treasury.

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# New Zealand Key Economic Data

## Quarterly Indicators

5 October 2007

		2006Q1	2006Q2	2006Q3	2006Q4	2007Q1	2007Q2	2007Q3
<b>Gross Domestic Product (GDP)</b>								
Real Production GDP	qtr % chg <sup>1</sup>	0.9	0.0	0.4	0.8	1.2	0.7	...
	ann ave % chg	2.7	2.2	1.7	1.7	1.7	2.2	...
Real Private consumption	qtr % chg <sup>1</sup>	0.2	0.0	0.6	1.4	2.1	0.6	...
	ann ave % chg	4.4	3.4	2.7	2.1	2.4	3.2	...
Real Public consumption	qtr % chg <sup>1</sup>	1.0	1.6	0.9	0.4	0.5	1.2	...
	ann ave % chg	5.3	5.0	4.9	4.6	4.1	4.1	...
Real residential Investment	qtr % chg <sup>1</sup>	0.8	-5.6	3.6	1.9	-0.3	3.8	...
	ann ave % chg	-4.7	-4.9	-3.4	-2.6	-2.1	2.2	...
Export volumes	qtr % chg <sup>1</sup>	-1.6	2.5	2.6	-2.4	1.9	0.5	...
	ann ave % chg	-0.1	0.6	1.4	1.8	3.0	3.3	...
Import volumes	qtr % chg <sup>1</sup>	-1.2	-1.5	1.0	1.6	3.7	2.5	...
	ann ave % chg	4.1	0.9	-2.3	-2.6	-1.4	2.0	...
Nominal GDP - Expenditure basis	ann ave % chg	4.9	4.2	3.8	4.2	4.7	6.0	...
Real GDP per Capita	ann ave % chg	1.5	1.0	0.5	0.4	0.5	1.0	...
Real Gross National Disposable Income	ann ave % chg	1.0	0.3	-0.1	0.5	1.9	3.2	...
<b>External Trade</b>								
Current account balance (annual)	NZ\$ millions	-14542	-14604	-14031	-14004	-13522	-13597	...
	% of GDP	-9.3	-9.3	-8.8	-8.7	-8.3	-8.2	...
Investment income balance (annual)	NZ\$ millions	-11256	-11763	-11832	-12092	-11863	-11842	...
Merchandise terms of trade	qtr % chg	0.8	2.6	-2.2	2.5	1.5	0.6	...
	ann % chg	-3.3	0.5	-1.3	3.8	4.5	2.5	...
<b>Prices</b>								
CPI inflation	qtr % chg	0.6	1.5	0.7	-0.2	0.5	1.0	...
	ann % chg	3.3	4.0	3.5	2.6	2.5	2.0	...
Tradable inflation	ann % chg	2.1	3.8	3.0	1.1	0.8	-0.5	...
Non-tradable inflation	ann % chg	4.2	4.1	4.0	3.9	4.0	4.1	...
GDP deflator	ann % chg	1.9	1.9	2.6	2.9	3.2	3.8	...
Consumption deflator	ann % chg	2.2	3.0	3.1	2.5	2.0	1.4	...
<b>Labour Market</b>								
Employment (HLFS)	000s <sup>7</sup>	2108	2126	2117	2119	2144	2158	...
	qtr % chg <sup>1</sup>	0.9	0.9	-0.4	0.1	1.2	0.7	...
	ann % chg <sup>1</sup>	2.6	3.1	1.5	1.4	1.7	1.5	...
Unemployment rate	% <sup>1</sup>	3.9	3.6	3.8	3.7	3.7	3.6	...
Participation rate	% <sup>1</sup>	68.5	68.7	68.2	68.1	68.6	68.8	...
LCI salary & wage rates - total (adjusted) <sup>6</sup>	qtr % chg	0.6	0.7	1.0	0.9	0.6	0.6	...
	ann % chg	3.2	3.3	3.2	3.2	3.2	3.1	...
LCI salary & wage rates - total (unadjusted) <sup>6</sup>	qtr % chg	1.1	1.0	1.4	1.3	0.8	1.0	...
	ann % chg	5.7	5.5	5.1	4.9	4.5	4.6	...
QES average hourly earnings - total <sup>6</sup>	qtr % chg	1.4	1.2	1.6	0.8	1.0	0.8	...
	ann % chg	5.3	4.4	5.0	5.0	4.6	4.3	...
Labour productivity <sup>7</sup>	ann ave % chg	0.5	0.7	1.2	0.8	1.1	1.5	...
<b>Confidence Indicators/Surveys</b>								
WMM - Consumer confidence <sup>3</sup>	Index	109.3	106.0	111.7	119.7	117.7	111.4	113.5
QSBO - general business situation <sup>4</sup>	net %	-49.0	-43.8	-19.1	3.5	-15.3	-36.6	...
QSBO - own activity outlook <sup>4</sup>	net %	-1.6	-0.8	10.5	15.0	16.1	8.8	...



# Monthly Indicators

5 October 2007

		2007M 3	2007M 4	2007M 5	2007M 6	2007M 7	2007M 8	2007M 9
<b>External Sector</b>								
Merchandise trade - exports	mth % chg <sup>1</sup>	2.3	-1.3	-4.4	-3.1	-0.3	5.2	...
	ann % chg <sup>1</sup>	4.1	4.9	-8.0	-7.5	-12.6	-2.7	...
Merchandise trade - imports	mth % chg <sup>1</sup>	1.6	3.1	-2.0	-1.4	0.0	-1.3	...
	ann % chg <sup>1</sup>	4.5	13.7	-10.9	3.0	-6.9	-2.8	...
Merchandise trade balance	NZ\$ million	60	-215	8	-518	-813	-945	...
Visitor arrivals	number <sup>1</sup>	208,380	203,890	207,670	209,330	205,870	213,680	...
<b>Housing</b>								
Dwelling consents - residential	mth % chg <sup>1</sup>	-1.5	1.2	4.7	13.7	-15.5	5.8	...
	ann % chg <sup>1</sup>	2.8	9.9	2.2	33.2	-4.1	-0.5	...
House sales - dwellings	mth % chg <sup>1</sup>	-1.4	-8.8	2.3	-7.2	-6.6	-8.9	...
	ann % chg <sup>1</sup>	8.3	8.7	-3.9	-11.4	-14.0	-25.3	...
REINZ - median dwelling price	NZ\$ <sup>1</sup>	340,220	346,170	347,263	347,255	347,014	352,084	...
<b>Consumer</b>								
Core retail sales	mth % chg <sup>1</sup>	0.3	-0.9	0.4	-0.5	-0.2	...	...
	ann % chg <sup>1</sup>	8.8	7.8	7.3	6.7	4.9	...	...
Total retail sales	mth % chg <sup>1</sup>	0.9	-1.2	1.0	-0.4	0.0	...	...
	ann % chg <sup>1</sup>	8.3	6.6	6.5	5.9	5.3	...	...
New car registrations	mth % chg	15.3	-17.5	22.3	-5.5	6.4	3.8	...
	ann % chg	-11.0	-4.8	-2.5	-1.5	7.0	10.9	...
Credit card billings	mth % chg <sup>1</sup>	-2.1	2.5	2.4	-1.8	6.6	-3.7	...
	ann % chg <sup>1</sup>	3.0	14.7	3.5	5.3	13.7	7.1	...
<b>Migration</b>								
Permanent & long-term arrivals	number <sup>1</sup>	7,110	6,620	6,820	7,170	6,900	7,410	...
Permanent & long-term Departures	number <sup>1</sup>	6,490	6,400	6,420	6,580	6,430	6,660	...
Net PLT migration	number <sup>1</sup>	620	220	400	590	470	750	...
Net PLT migration (12 month total)	number	12,081	11,222	10,682	10,078	8,966	8,730	...
<b>Commodity Prices</b>								
Brent oil price	US\$/Barrel	62.36	67.69	67.72	70.62	76.13	71.31	76.77
WTI oil price	US\$/Barrel	60.56	63.97	63.51	67.48	74.05	72.39	79.63
ANZ NZ commodity price index	mth % chg	1.6	-0.1	2.7	2.6	1.1	10.0	1.5
	ann % chg	8.7	4.5	5.5	7.3	7.5	20.3	25.1
ANZ world commodity price index	mth % chg	2.0	4.9	2.6	6.2	4.7	1.4	0.4
	ann % chg	17.1	20.9	21.1	29.7	35.1	36.3	35.7
<b>Financial Markets</b>								
NZD/USD	\$ <sup>2</sup>	0.6982	0.7347	0.7325	0.7559	0.7858	0.7285	0.7171
NZD/AUD	\$ <sup>2</sup>	0.8815	0.8880	0.8885	0.8980	0.9065	0.8766	0.8492
Trade weighted index (TWI)	June 1979 = 100 <sup>2</sup>	68.6	71.3	71.3	73.6	75.4	70.2	68.3
Official cash rate (OCR)	%	7.50	7.75	7.75	8.00	8.25	8.25	8.25
90 day bank bill rate	% <sup>2</sup>	7.88	7.98	8.09	8.32	8.44	8.72	8.81
10 year govt bond rate	% <sup>2</sup>	5.87	6.06	6.17	6.72	6.77	6.40	6.16
<b>Confidence Indicators/Surveys</b>								
National Bank - business confidence	net %	-12.5	-19.4	-48.3	-37.2	-38.5	-33.8	-26.5
National Bank - activity outlook	net %	24.1	22.5	7.8	14.8	12.4	16.7	17.2
One News <sup>5</sup> - economic performance	net %	-2.0	-4.0	-8.0	-9.0	-10.0	-8.0	-8.0

qtr % chg quarterly percent change  
 mth % chg monthly percent change  
 ann % chg annual percent change  
 ann ave % chg annual average percent change

1 Seasonally adjusted  
 2 Average (11am)  
 3 Westpac McDermott Miller  
 4 Quarterly Survey of Business Opinion  
 5 One News Colmar Brunton  
 6 Ordinary time  
 7 Production GDP divided by HLFS hours worked

Sources: Statistics New Zealand, Reserve Bank of New Zealand, National Bank of New Zealand, NZIER, ANZ, Datastream, Westpac McDermott Miller, One News Colmar Brunton