

ANZ NZ Monthly Inflation Gauge

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The next issue of the ANZ Monthly Inflation Gauge is scheduled for release on 10 October 2019 at 1pm.

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Holding up

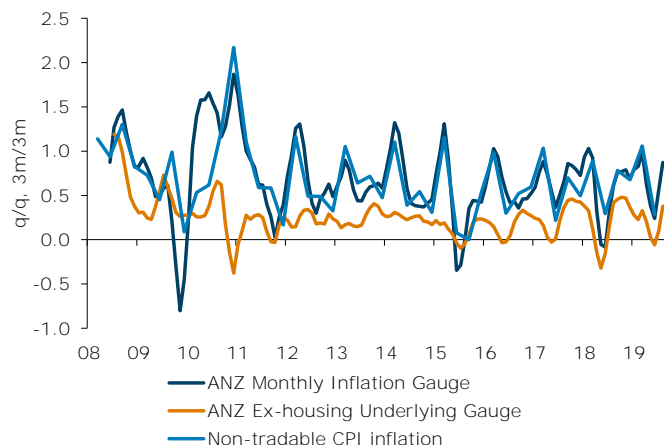
Summary

The ANZ Monthly Inflation Gauge was up 0.3% m/m in August, supported by transport, accommodation services, and housing-related components.¹ Annual inflation in the Gauge ticked up to 2.9%, suggesting that recent strength in domestic non-tradable inflation is holding up and implying some upside risk to our near-term inflation forecast.

Key points

- Transport, accommodation services, and housing-related components drove a 0.3% m/m increase in the Gauge in August.
- Within transport, domestic airfares and road and sea passenger transport prices rose. A seasonal increase in domestic airfares, up 5% m/m, contributed the most to the Gauge (0.06%pts). Road and sea passenger transport rose 2.5% and 3.3% m/m respectively, together contributing +0.025%pts.
- As usual, housing-related prices continued to contribute positively to the Gauge in August. Rents and purchasing of housing both increased 0.3% m/m. Together these components contributed 0.08%pts.
- Accommodation services rose 3.8% m/m, contributing 0.05%pts. Providing a small offset in August was a drop in prices for vehicle insurance (-0.7% m/m), and a small decline in rail passenger transport prices (-0.3% m/m).
- On a rolling 3-monthly basis, the Gauge rose 0.9% q/q from 0.6% in July. Annual growth ticked up further to 2.9% from 2.8%, increasing above Stats NZ's 2.8% y/y figure for Q2 non-tradable inflation. Excluding housing-related prices, the Gauge rose 0.2% m/m, leaving annual growth unchanged at 1.1%.
- Monthly inflation prints so far suggest some upside risk to our current Q3 non-tradable pick of 0.7% q/q (2.7% y/y). That said, weaker economic growth and more spare capacity should see price pressures fade over the next year.

Figure 1. Quarterly inflation measures



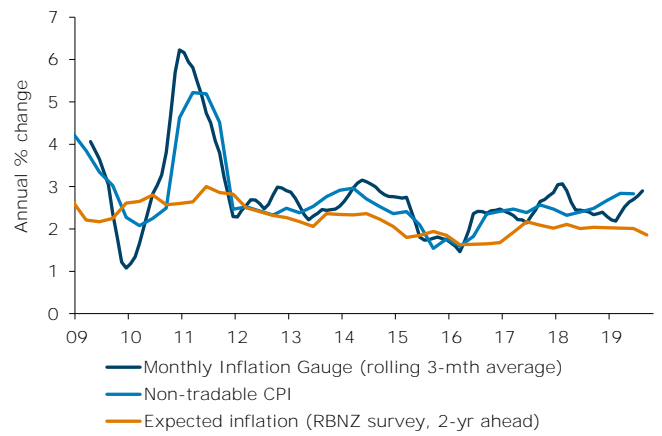
Source: ANZ Research, Statistics NZ

¹ Data is subject to revision. All quarterly and annual movements are on a 3-month average basis unless otherwise stated.



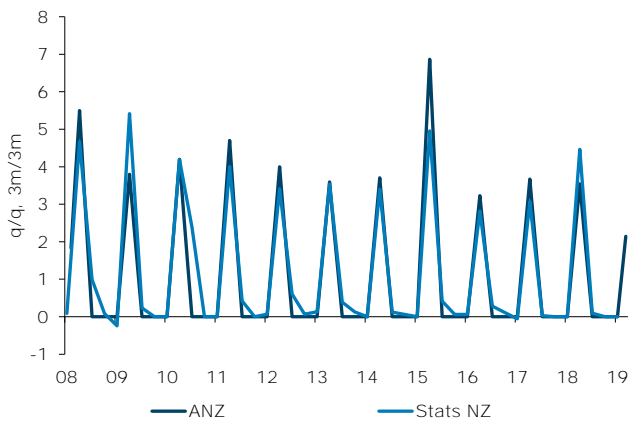
	Monthly Inflation Gauge (Index)	Monthly Inflation Gauge (m/m%)	Implied Inflation Gauge (q/q%)	Actual non-tradable CPI (q/q%)
May-18	1330	0.1		
Jun-18	1334	0.3	-0.1	0.3
Jul-18	1338	0.3		
Aug-18	1340	0.2		
Sep-18	1344	0.3	0.8	0.8
Oct-18	1349	0.3		
Nov-18	1351	0.2		
Dec-18	1350	-0.1	0.7	0.7
Jan-19	1364	1.0		
Feb-19	1364	0.0		
Mar-19	1363	0.0	1.0	1.1
Apr-19	1364	0.1		
May-19	1366	0.1		
Jun-19	1370	0.3	0.2	0.3
Jul-19	1378	0.5		
Aug-19	1381	0.3		

Figure 2. Annual inflation measures



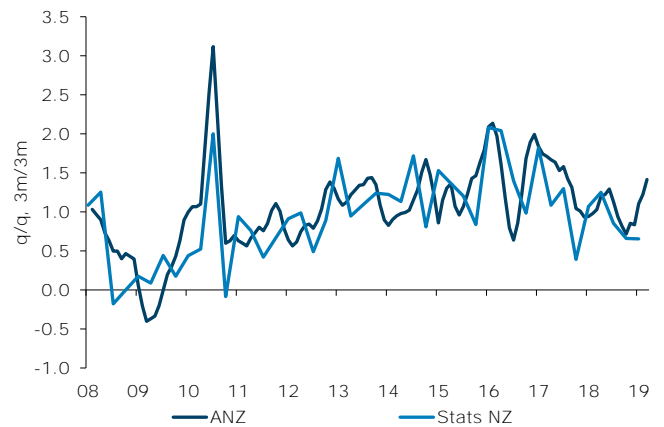
Source: ANZ Research, Statistics NZ

Figure 3. Property rates



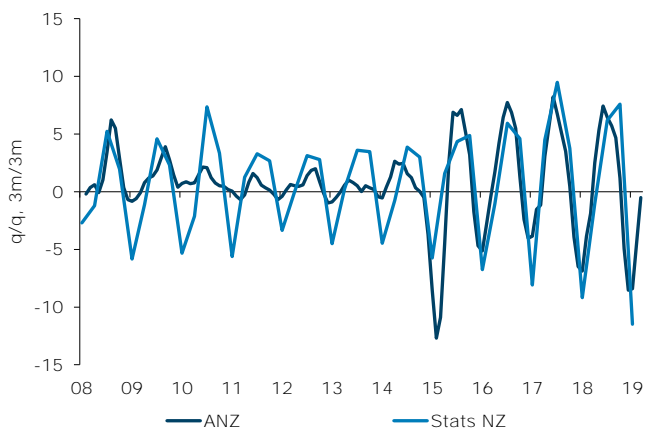
Source: ANZ Research, Statistics NZ

Figure 4. Purchase of housing



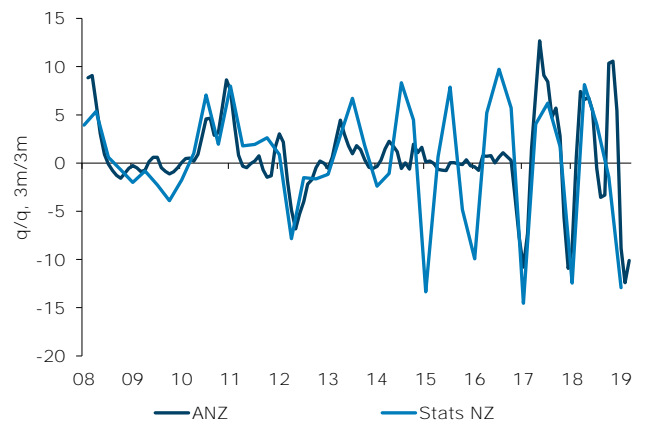
Source: ANZ Research, Statistics NZ

Figure 5. Accommodation services



Source: ANZ Research, Statistics NZ

Figure 6. Domestic air transport



Source: ANZ Research, Statistics NZ



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