

ANZ NZ Monthly Inflation Gauge

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The next issue of the ANZ Monthly Inflation Gauge is scheduled for release on 14 November 2019 at 1pm.

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On the house

Summary

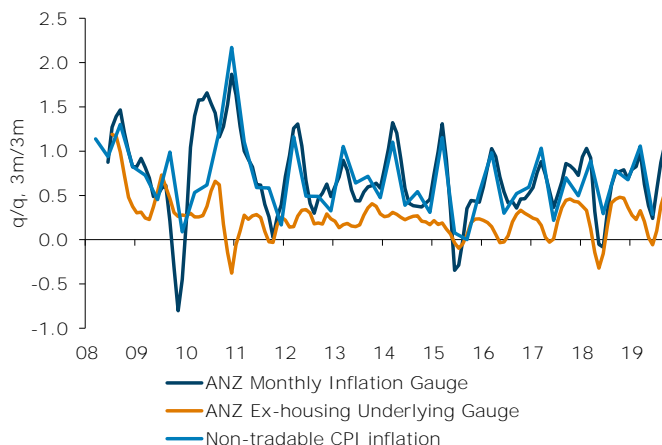
The ANZ Monthly Inflation Gauge was up 0.3% m/m in September, supported by airfares and housing-related components.¹ Annual inflation in the Gauge ticked up to 3.0% from 2.9%.

For the September quarter, the Gauge is pointing to a very strong 1.1% q/q rise in non-tradable inflation, which would be a big upside surprise versus the RBNZ's August forecast of 0.7% q/q.

Key points

- In the September month, rental and purchase of housing prices drove almost half of the 0.3% m/m increase in the Gauge. Outside of housing, a seasonal increase in domestic airfares, up 7% m/m, contributed 0.08%pts.
- In the quarter, the Gauge rose a solid 1.1% q/q. The housing market was a key contributor to strength in the quarter, and continues to be a key driver of domestic inflation. Within housing, the largest contributions came from property rates (up 3.2% q/q, contributing 0.22%pts), purchase of housing (up 1.5%, contributing 0.16%pts), and rents (up 0.8%, contributing 0.14%pts).
- Other notable contributions in the quarter came from other private transport services (led by road user charge increases) which rose 8.2% (contributing 0.12%pts), and dwelling insurance, which rose 6% (0.07%pts).
- There were broad-based price increases across components in the Gauge in Q3; 24 components rose, 11 were unchanged, and 2 fell. The only notable offset in the quarter came from a 2.6% q/q decline in contents insurance (-0.02pts).
- The 1.1% q/q lift in the Gauge implies upside risk to the RBNZ's August MPS forecast of 0.7% q/q (2.7% y/y) for Q3 non-tradable inflation, and suggests that recent strength in domestic inflation may linger for a bit longer. We will release our Q3 CPI preview shortly.

Figure 1. Quarterly inflation measures



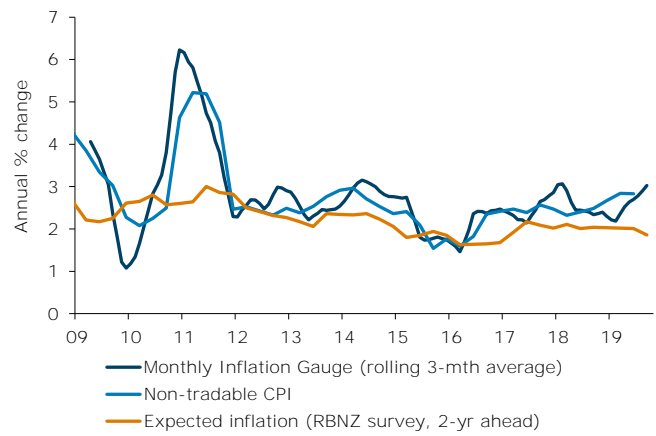
Source: ANZ Research, Statistics NZ

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



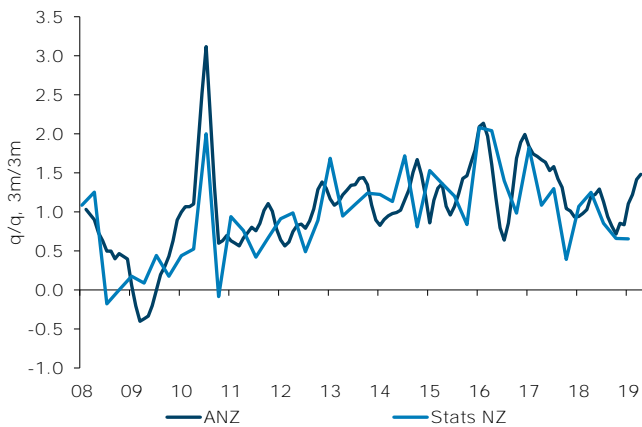
	Monthly Inflation Gauge (Index)	Monthly Inflation Gauge (m/m%)	Implied Inflation Gauge (q/q%)	Actual non-tradable CPI (q/q%)
Jun-18	1334	0.3	-0.1	0.3
Jul-18	1338	0.3		
Aug-18	1340	0.2		
Sep-18	1344	0.3	0.8	0.8
Oct-18	1349	0.3		
Nov-18	1351	0.2		
Dec-18	1350	-0.1	0.7	0.7
Jan-19	1364	1.0		
Feb-19	1364	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		
Sep-19	1386	0.3	1.1	

Figure 2. Annual inflation measures



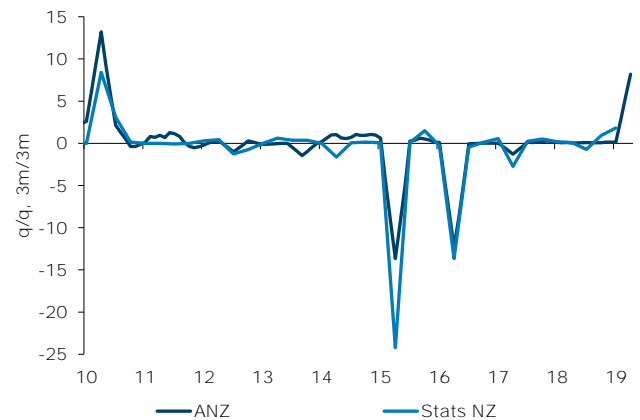
Source: ANZ Research, Statistics NZ

Figure 3. Purchase of housing



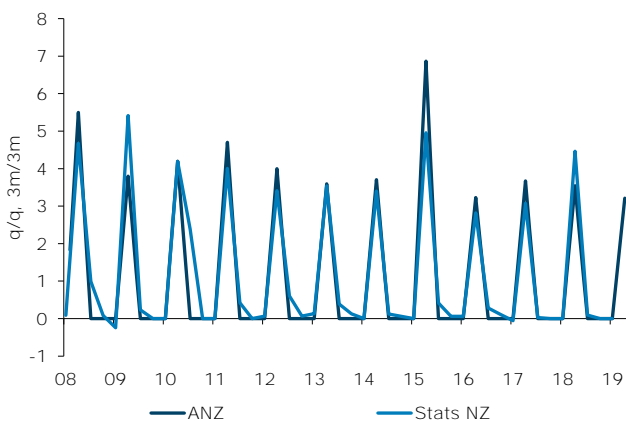
Source: ANZ Research, Statistics NZ

Figure 4. Other private transport services



Source: ANZ Research, Statistics NZ

Figure 5. Property rates



Source: ANZ Research, Statistics NZ

Figure 6. Domestic air transport



Source: ANZ Research, Statistics NZ



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