

ANZ NZ Monthly Inflation Gauge

10 October 2019



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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

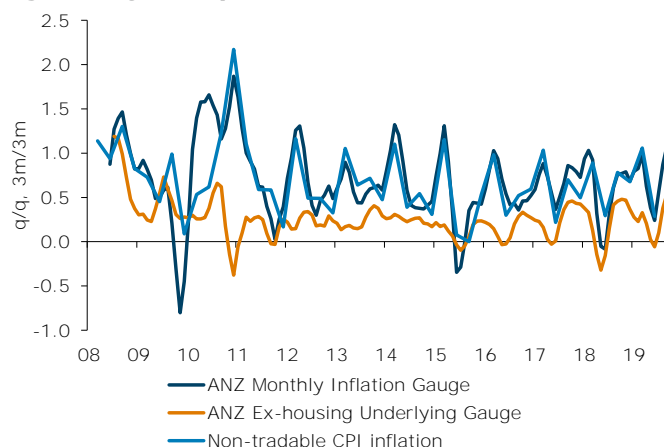
The ANZ Monthly Inflation Gauge was up 0.3% m/m in September, supported by airfares and housing-related components.¹ Annual inflation in the Gauge ticked up to 3.0% from 2.9%.

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



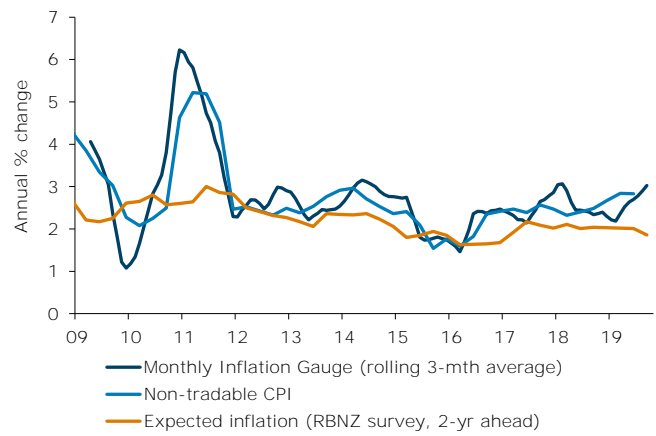
Source: ANZ Research, Statistics NZ

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



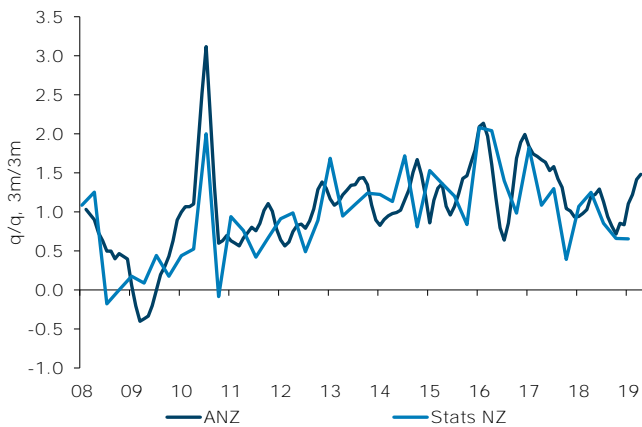
| | Monthly Inflation Gauge (Index) | Monthly Inflation Gauge (m/m%) | Implied Inflation Gauge (q/q%) | Actual non-tradable CPI (q/q%) |
|--------|---------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Jun-18 | 1334 | 0.3 | -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



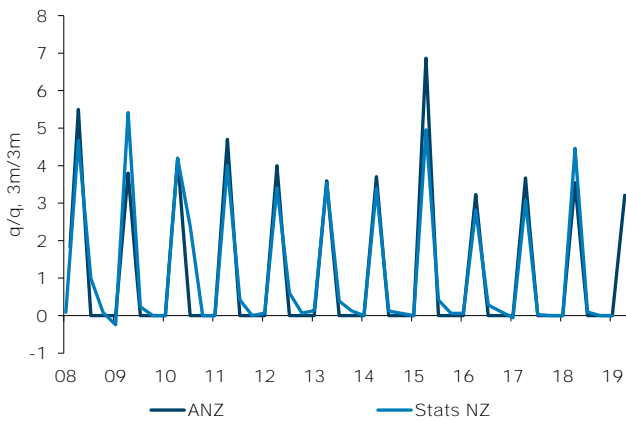
Source: ANZ Research, Statistics NZ

Figure 4. Other private transport services



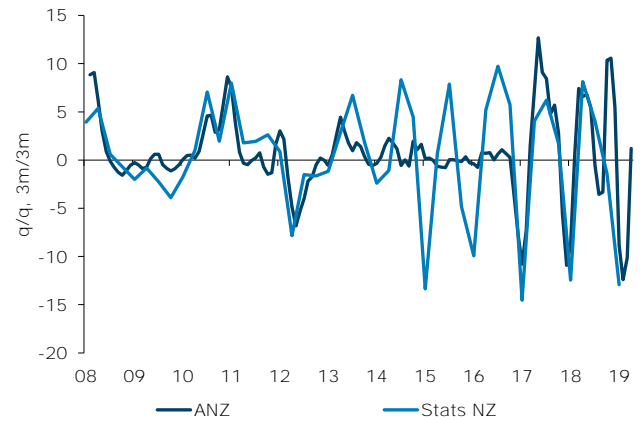
Source: ANZ Research, Statistics NZ

Figure 5. Property rates



Source: ANZ Research, Statistics NZ

Figure 6. Domestic air transport



Source: ANZ Research, Statistics NZ



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