

ANZ NZ Monthly Inflation Gauge

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The next issue of the ANZ Monthly Inflation Gauge is scheduled for release on 12 December 2019 at 1pm.

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Round trip

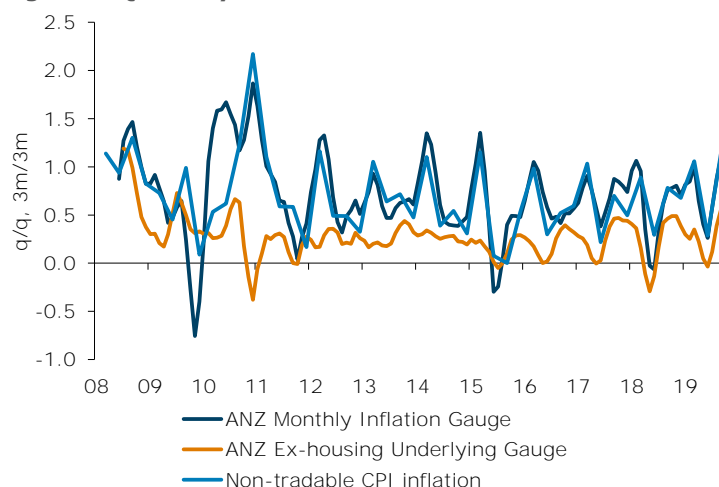
Summary

The ANZ Monthly Inflation Gauge was up 0.2% m/m in October, supported by accommodation services, domestic airfares, and electricity price increases.¹ Annual inflation in the Gauge was flat at 3.1%, but a slowing economy and fading transitory strength should see annual non-tradable inflation fall over the next year.

Key points

- Travelling got a bit more expensive in October, as accommodation services and domestic airfares lifted. Together with electricity components, these drove a 0.2% m/m increase in the Gauge.
- Within the recreational and culture group, accommodation services prices experienced a solid seasonal increase of 5% m/m, contributing +0.07%pts. Domestic airfares provided a seasonal boost to the Gauge, up 4.4% m/m, contributing +0.05%pts.
- Electricity prices also rose, up 3.8% m/m, contributing +0.05%pts.
- Housing-related prices continue to contribute positively to the Gauge, but price movements were more mixed in October. Rents increased 0.2% m/m, but purchase of housing fell 0.2% m/m, following a series of strong increases lately (figure 4). Together these components contributed 0.01%pts.
- On a rolling 3-monthly basis, the Gauge rose 1.0% q/q, versus 1.1% in September. Annual growth was flat at 3.1%, similar to **Stats NZ's** 3.2% y/y figure for Q3 non-tradable inflation. Excluding housing-related prices, the Gauge rose 0.1% m/m, leaving annual growth unchanged at 1.3%.
- Domestic inflation has been strong lately, largely reflecting strength in regulated prices. Going forward, a slowing economy and fading transitory strength should see annual non-tradable inflation fall over the next year.

Figure 1. Quarterly inflation measures



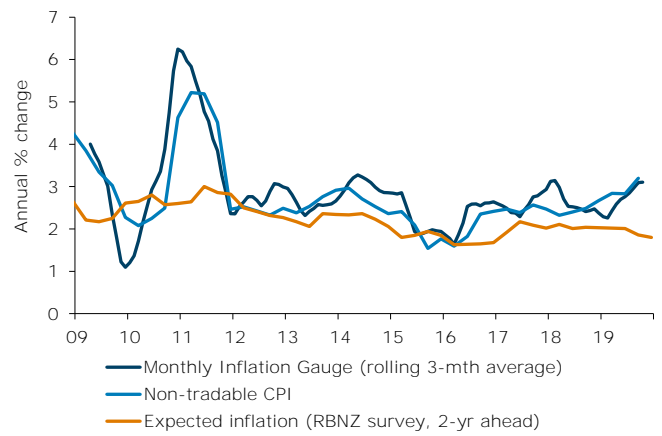
Source: ANZ Research, Statistics NZ

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



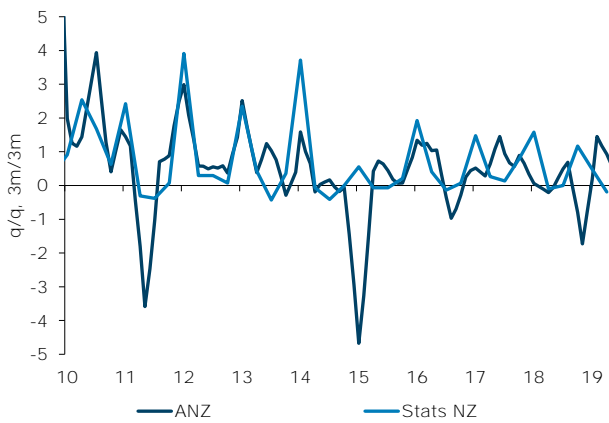
	Monthly Inflation Gauge (Index)	Monthly Inflation Gauge (m/m%)	Implied Inflation Gauge (q/q%)	Actual non-tradable CPI (q/q%)
Jul-18	1350	0.3		
Aug-18	1352	0.2		
Sep-18	1356	0.3	0.8	0.8
Oct-18	1361	0.4		
Nov-18	1363	0.2		
Dec-18	1363	-0.1	0.7	0.7
Jan-19	1376	1.0		
Feb-19	1376	0.0		
Mar-19	1376	0.0	1.0	1.1
Apr-19	1377	0.1		
May-19	1379	0.2		
Jun-19	1383	0.3	0.3	0.3
Jul-19	1391	0.5		
Aug-19	1394	0.3		
Sep-19	1399	0.3	1.1	1.1
Oct-19	1402	0.2		

Figure 2. Annual inflation measures



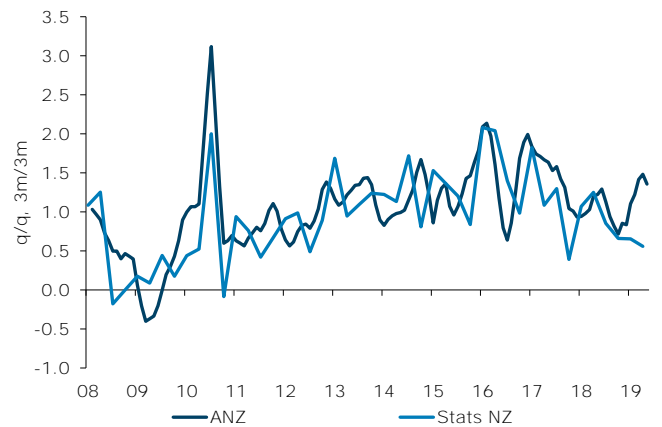
Source: ANZ Research, Statistics NZ

Figure 3. Electricity



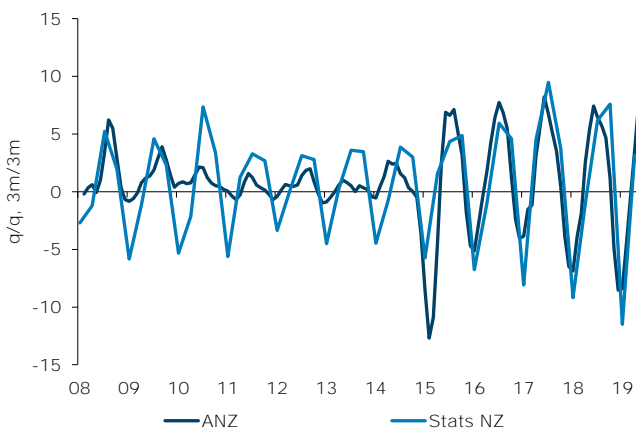
Source: ANZ Research, Statistics NZ

Figure 4. Purchase of housing



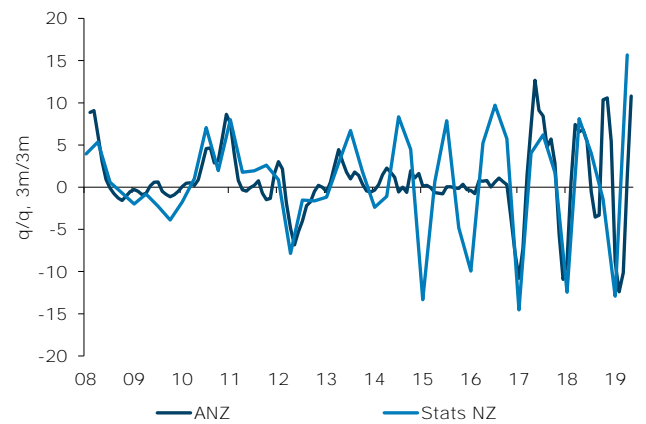
Source: ANZ Research, Statistics NZ

Figure 5. Accommodation services



Source: ANZ Research, Statistics NZ

Figure 6. Domestic air transport



Source: ANZ Research, Statistics NZ



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