

ANZ NZ Monthly Inflation Gauge

12 December 2019



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The next issue of the ANZ
Monthly Inflation Gauge is
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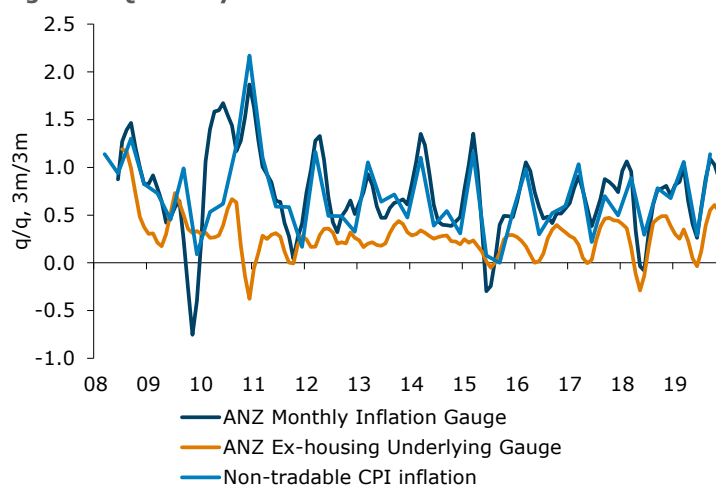
Summary

The ANZ Monthly Inflation Gauge was up 0.1% m/m in November, supported by housing-related prices and accommodation services prices, partly offset by a fall in domestic airfares.¹ Annual inflation in the Gauge was flat at 3.1%. We expect annual non-tradable inflation to fall over the next year as recent transitory strength fades and a softer economy eases price pressure.

Key points

- Housing-related prices drove an increase in the Monthly Inflation Gauge in November, as well as a strong lift in accommodation services prices, offset by a fall in domestic airfares. Altogether, the Gauge increased 0.1% m/m.
- Within the housing and household utilities group, rental prices (0.2% m/m), purchase of housing (0.2% m/m), and real estate services (1.0% m/m) contributed +0.06%pts.
- Outside of housing, accommodation services provided the largest boost to the Gauge in November, rising 5.9% m/m and contributing +0.08pts. Electricity prices rose again, up 0.5% m/m, and dwelling insurance lifted 2.8% m/m.
- On the downside, domestic airfares fell 6.5% m/m, subtracting 0.07%pts. Telecommunications services and cultural services also provided a small drag.
- On a rolling 3-monthly basis, the Gauge rose 0.9% q/q, down from 1.0% in October. Annual growth was flat at 3.1%. Excluding housing-related prices, the Gauge rose 0.1% m/m, and annual growth dipped to 1.2%.
- So far, outturns from the Gauge suggest balanced risks around our 0.6% q/q (3.1% y/y) pick for Q4 non-tradable inflation. Domestic inflation has been strong lately, but, going forward, fading transitory factors and a softer economy should see annual non-tradable inflation fall over the next year.

Figure 1. Quarterly inflation measures



Source: ANZ Research, Statistics NZ

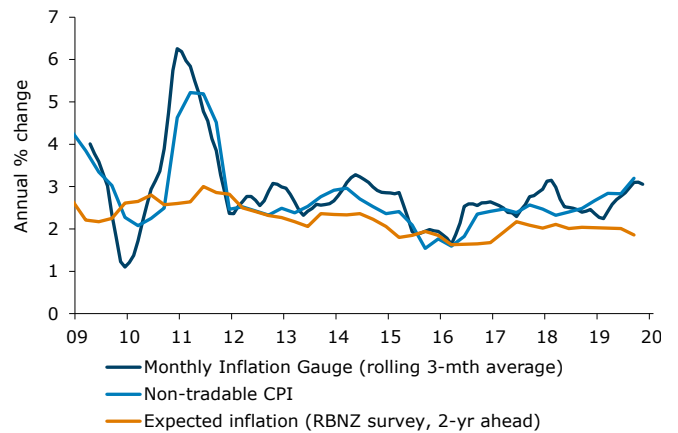
¹ Data is subject to revision. All quarterly and annual movements are on a 3-month average basis unless otherwise stated.



Tables and charts

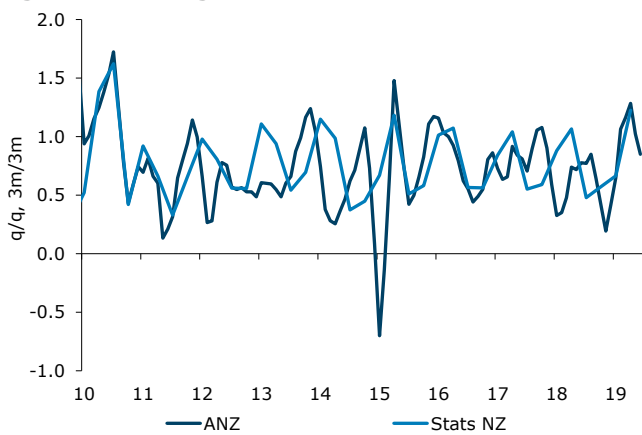
	Monthly Inflation Gauge (Index)	Monthly Inflation Gauge (m/m%)	Implied Inflation Gauge (q/q%)	Actual non-tradable CPI (q/q%)
Aug-18	1353	0.2		
Sep-18	1357	0.3	0.8	0.8
Oct-18	1361	0.4		
Nov-18	1364	0.2		
Dec-18	1363	-0.1	0.7	0.7
Jan-19	1377	1.0		
Feb-19	1377	0.0		
Mar-19	1376	0.0	1.0	1.1
Apr-19	1377	0.1		
May-19	1379	0.2		
Jun-19	1384	0.3	0.3	0.3
Jul-19	1391	0.5		
Aug-19	1395	0.3		
Sep-19	1400	0.3	1.1	1.1
Oct-19	1402	0.2		
Nov-19	1404	0.1		

Figure 2. Annual inflation measures



Source: ANZ Research, Statistics NZ

Figure 3. Housing and household utilities



Source: ANZ Research, Statistics NZ

Figure 4. Real estate services



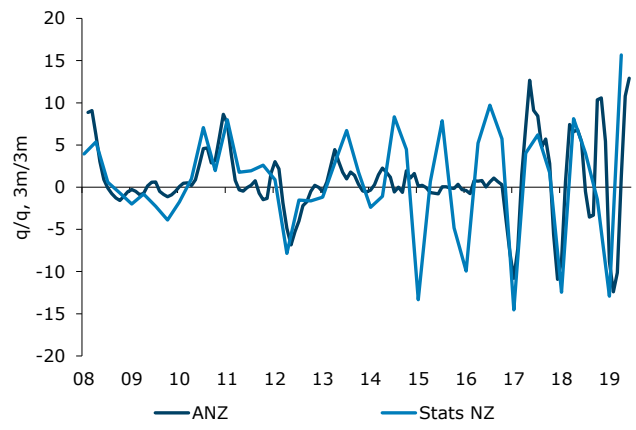
Source: ANZ Research, Statistics NZ

Figure 5. Accommodation services



Source: ANZ Research, Statistics NZ

Figure 6. Domestic air transport



Source: ANZ Research, Statistics NZ

Note all charts are based on a rolling 3-month average.



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