

ANZ NZ Monthly Inflation Gauge

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CONTACT:

Liz Kendall
Senior Economist
Telephone: +64 4 382 1995
Elizabeth.Kendall@anz.com

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

Contact
research@anz.com

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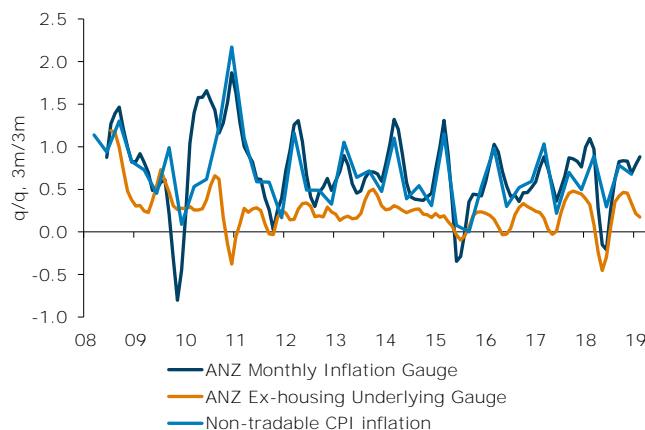
Summary

The ANZ Monthly Inflation Gauge increased 0.1% m/m in February, after a strong rise in January.¹ Underlying this, price moves in a few key components broadly cancelled out. Volatility in domestic airfares continues to boost the Gauge, with quarterly inflation nudging a little higher. Annual inflation is steady at 2.2%.

Key points

- The ANZ Monthly Inflation Gauge rose 0.1% m/m in February, after a solid 1.1% m/m lift in January.
- Domestic airfares continue to be a top contributor to movements in the Gauge. Last month saw a sharp bounce (+22% m/m) after an astonishing fall in December (-18% m/m). Another lift higher this month (+5% m/m) contributed **0.1%pts** to February's print. **It's unclear how much Air New Zealand's recent announcement to cut airfares on a range of domestic routes** will impact the Gauge, and Statistics NZ's CPI for that matter, but domestic air travel may continue to be a headline act a little longer yet.
- Outside of domestic airfares, a few other key components broadly cancelled out. Price increases for life insurance and purchase of housing each contributed 0.1%pt, while price falls for accommodation services and rents each detracted 0.1%pt.
- On a quarterly basis, prices for tobacco and cigarettes, rents and purchase of housing combined to push quarterly growth from the Gauge up to 0.9% q/q, after tracking in the 0.6-0.8% range over the past six months. Annual growth remains steady at 2.2% y/y. Excluding housing-related prices, the Gauge rose 0.1% m/m to be steady at 0.5% y/y.
- It is possible that we see a further nudge higher in non-tradable inflation in the short term as a result of the previous build-up in capacity pressures. However, broad-based inflation is lacking and waning momentum in the economy means inflation pressures may soon peter out.

Figure 1. Quarterly inflation measures



Source: ANZ Research, Statistics NZ

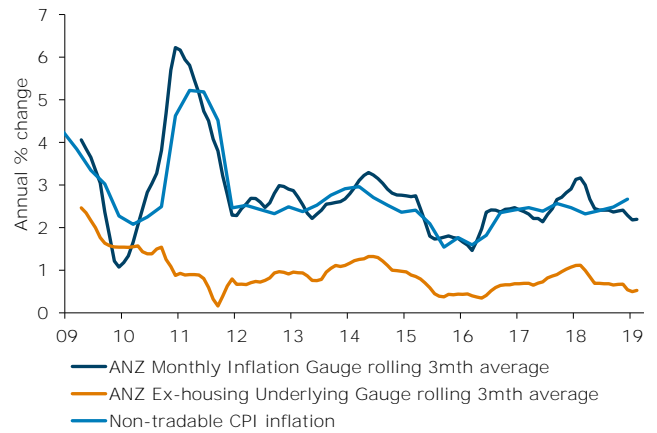
¹ Data is subject to revision. All quarterly and annual movements are on a 3-month average basis unless otherwise stated.



Tables and charts

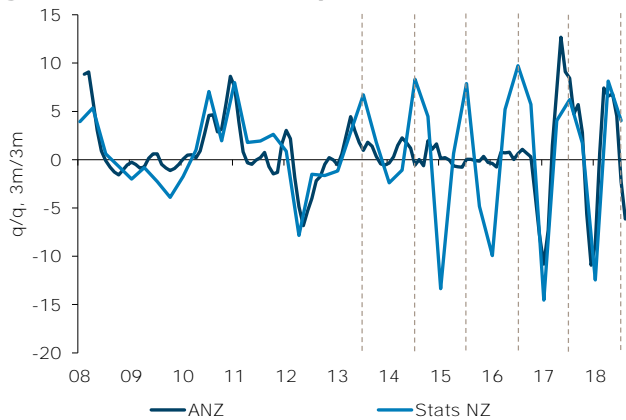
	Monthly Inflation Gauge (Index)	Monthly Inflation Gauge (m/m%)	Implied Inflation Gauge (q/q%)	Actual non-tradable CPI (q/q%)
Oct-17	1319	0.2		
Nov-17	1321	0.2		
Dec-17	1327	0.4	0.8	0.5
Jan-18	1338	0.9		
Feb-18	1335	-0.2		
Mar-18	1332	-0.2	1.0	0.9
Apr-18	1330	-0.2		
May-18	1332	0.1		
Jun-18	1335	0.3	-0.2	0.3
Jul-18	1341	0.4		
Aug-18	1343	0.2		
Sep-18	1347	0.3	0.8	0.8
Oct-18	1352	0.4		
Nov-18	1354	0.2		
Dec-18	1352	-0.1	0.7	0.7
Jan-19	1367	1.1		
Feb-19	1368	0.1		

Figure 2. Annual inflation measures



Source: ANZ Research, Statistics NZ

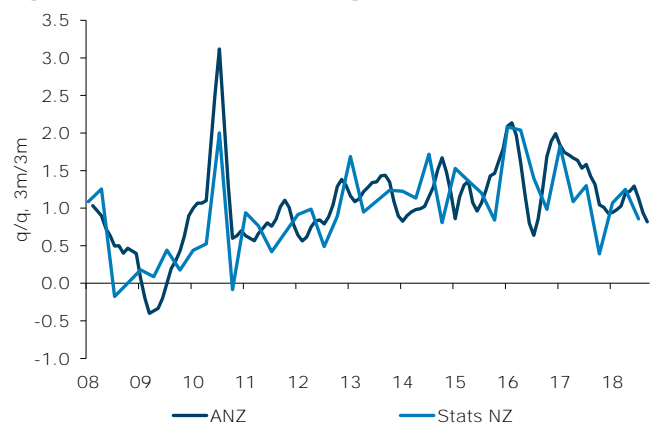
Figure 3. Domestic air transport



Source: ANZ Research, Statistics NZ

Note: dashed lines are December quarters

Figure 4. Purchase of housing



Source: ANZ Research



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