

ANZ NZ Monthly Inflation Gauge

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The next issue of the ANZ Monthly Inflation Gauge is scheduled for release on 11 June 2019 at 1pm.

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Soft start

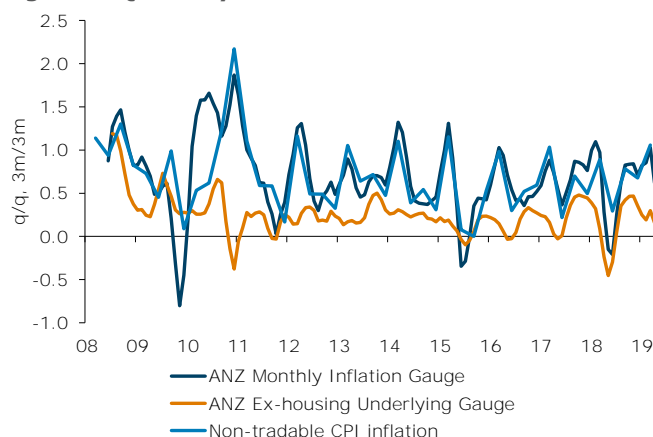
Summary

The ANZ Monthly Inflation Gauge was flat m/m in April, after a solid rise in the first quarter.¹ Under the surface, price moves in a few key components broadly cancelled out. Housing-related prices continue to be important drivers of domestic inflation, with rents and purchase of housing making the largest positive contributions for the month. Annual inflation in the Gauge ticked up to 2.5%.

Key points

- The ANZ Monthly Inflation Gauge was flat m/m in April – a soft start to Q2 after Q1's solid 1.0% q/q lift.
- Housing-related prices remain an important driver of domestic inflation, but their contribution has weakened over the past year or so as the housing market has slowed. Rents rose 0.3% m/m in April, seeing annual growth tick down to 1.9% y/y. There was also a lift in purchase of housing this month (+0.3% m/m). Taken together, these components contributed 0.1%pts to April's m/m print.
- Outside of housing-related prices, a handful of key components were soft. Price falls for accommodation services (-5% m/m) detracted 0.1%pt. Transport prices were also weak in the month, with domestic airfares falling 5% m/m, a pretty typical seasonal move, knocking off 0.1%pt.
- On a quarterly basis, the Gauge fell from 1.0% q/q to 0.6% q/q, after January's boost from regulated tobacco prices dropped out of the quarterly calculation. However, annual growth ticked up slightly to 2.5% y/y, closer to Statistics NZ's 2.8% y/y figure for Q1 non-tradable inflation. Excluding housing-related prices, the Gauge fell 0.1% m/m and annual growth ticked up to 0.9% y/y.
- We're expecting to see a further tick up in annual non-tradable inflation in Q2 as a result of the previous build-up in capacity pressures. But looking forward, waning momentum in the economy means inflation pressures will soon fade.

Figure 1. Quarterly inflation measures



Source: ANZ Research, Statistics NZ

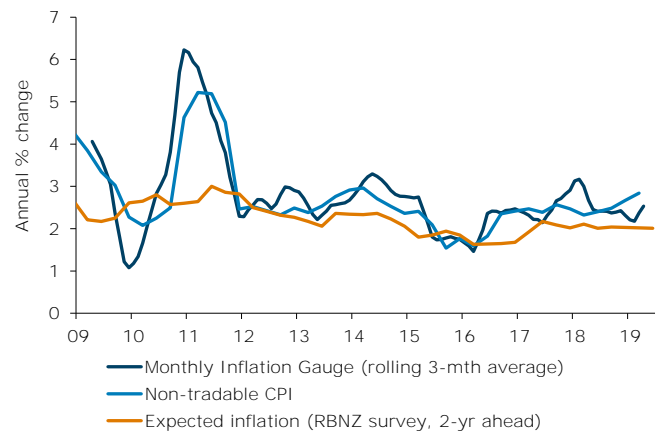
¹ Data is subject to revision. All quarterly and annual movements are on a 3-month average basis unless otherwise stated.



Tables and charts

	Monthly Inflation Gauge (Index)	Monthly Inflation Gauge (m/m%)	Implied Inflation Gauge (q/q%)	Actual non-tradable CPI (q/q%)
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	1353	-0.1	0.7	0.7
Jan-19	1367	1.1		
Feb-19	1367	0.0		
Mar-19	1366	-0.1	1.0	1.1
Apr-19	1366	0.0		

Figure 2. Annual inflation measures



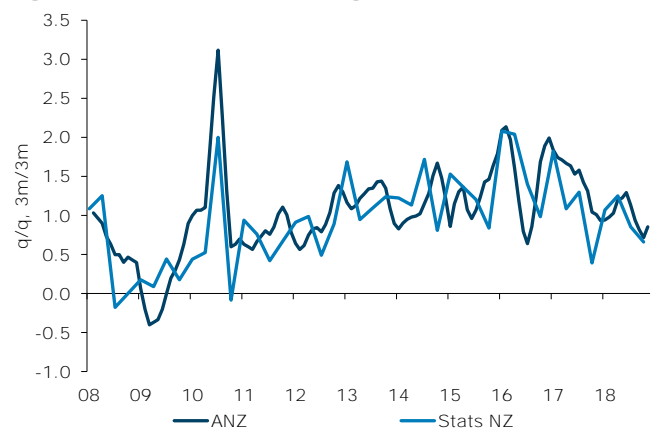
Source: ANZ Research, Statistics NZ

Figure 3. Accommodation services



Source: ANZ Research, Statistics NZ

Figure 4. Purchase of housing



Source: ANZ Research



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