

## ANZ NZ Monthly Inflation Gauge

17 June 2019



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

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## Powered up

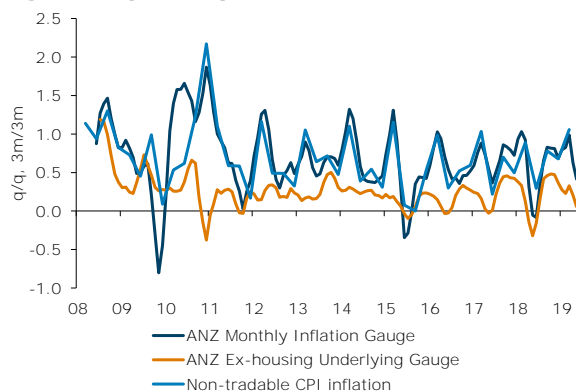
### Summary

The ANZ Monthly Inflation Gauge was up 0.2% m/m in May, on top of a 0.1% (upwardly revised) increase in April.<sup>1</sup> Price increases for electricity, rents, and domestic airfares provided a boost to domestic prices in May. Annual inflation in the Gauge ticked up to 2.7% from 2.6%.

### Key points

- The ANZ Monthly Inflation Gauge was up 0.2% m/m in May after a 0.1% lift in April.
- Electricity, rents, and domestic airfares were the main contributors to the rise. Electricity prices picked up 1.3% in May, contributing 0.1%pt to the Gauge. Rents (now based on Statistics NZ's new monthly rental price index) were up 0.3% in the month, making a 0.06%pt contribution. Domestic airfares rose 3.7% m/m in May, in line with typical seasonal patterns.
- Prices for restaurant and ready-to-eat meals were the fourth-largest contributor to the Gauge in May, up 0.3% m/m. This subcomponent from Stats NZ food price data is a new addition to the Gauge, and is a direct input into quarterly CPI. The modest rise in May follows a 0.9% m/m surge in April, coinciding with an increase in the minimum wage.
- Outside of these key increases, price movements were relatively small. Slight price falls were recorded for insurance and telecommunication services.
- On a rolling 3-monthly basis, the Gauge fell from 0.6% to 0.4% 3m/3m. However, annual growth ticked up to 2.7% from 2.6%, close to Statistics NZ's 2.8% y/y figure for Q1 non-tradable inflation. Excluding housing-related prices, the Gauge rose 0.1% m/m and annual growth ticked up to 1.2% y/y.
- **We're expecting** a further tick up in annual non-tradable inflation in Q2 as previous resource and cost pressure passes through. But beyond that, inflation pressures should fall in line with recent weakness in the economy.

**Figure 1. Quarterly inflation measures**



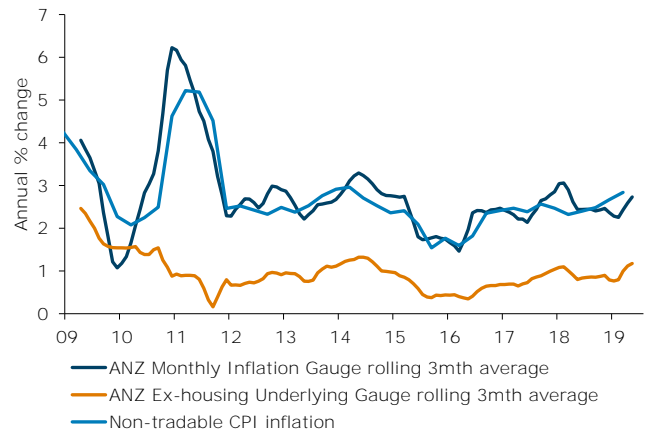
Source: ANZ Research, Statistics NZ

<sup>1</sup> Data is subject to revision. This month we updated the historical index to incorporate monthly food and rental price inflation from Stats NZ. All quarterly and annual movements are on a 3-month average basis unless otherwise stated.



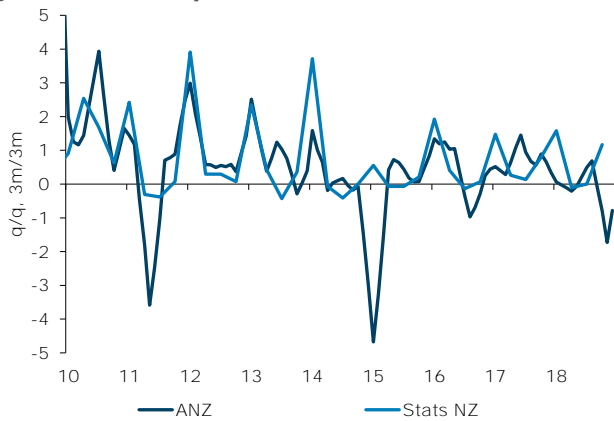
	Monthly Inflation Gauge (Index)	Monthly Inflation Gauge (m/m%)	Implied Inflation Gauge (q/q%)	Actual non-tradable CPI (q/q%)
Feb-18	1334	-0.2		
Mar-18	1331	-0.2	0.9	0.9
Apr-18	1330	-0.1		
May-18	1332	0.1		
Jun-18	1336	0.3	-0.1	0.3
Jul-18	1341	0.4		
Aug-18	1343	0.2		
Sep-18	1347	0.3	0.8	0.8
Oct-18	1352	0.3		
Nov-18	1354	0.2		
Dec-18	1353	-0.1	0.7	0.7
Jan-19	1366	1.0		
Feb-19	1366	0.0		
Mar-19	1366	0.0	1.0	1.1
Apr-19	1367	0.1		
May-19	1370	0.2		

**Figure 2. Annual inflation measures**



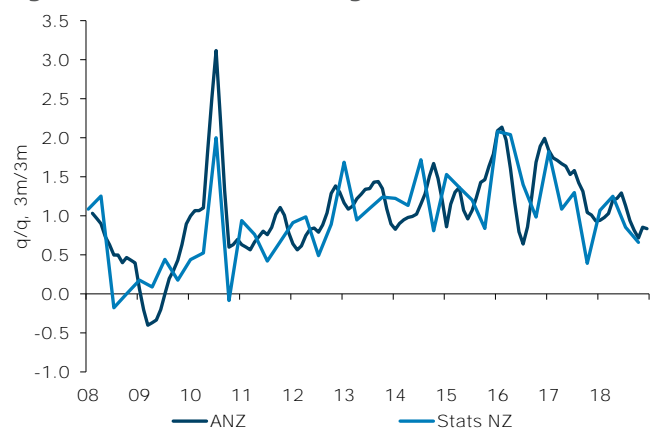
Source: ANZ Research, Statistics NZ

**Figure 3. Electricity**



Source: ANZ Research, Statistics NZ

**Figure 4. Purchase of housing**



Source: ANZ Research, Statistics NZ



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