

New Zealand Weekly Focus

28 January 2020



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It does not consider your
objectives or circumstances.
Please refer to the
Important Notice.

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Cross-currents

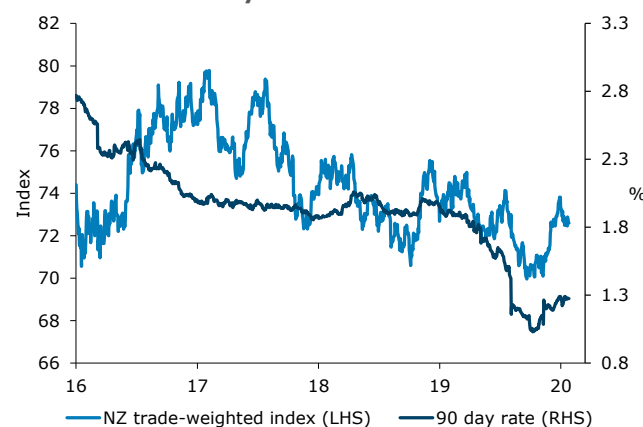
Economic overview

The NZD-TWI exchange rate moved higher in recent months, though it remains below levels seen a year ago. We expect news of the new Wuhan coronavirus will weigh in the short term, but developments beyond that are hugely uncertain. Assuming it is contained, over the coming year, we see the OCR on hold for now, with the NZD expected to hover close to current levels, held up by export prices, global monetary stimulus and improved risk appetite. Policy easing from some other central banks will be supportive, but we see upside as limited, with the domestic outlook largely priced in. If the NZD did move higher, we don't think it would perturb the RBNZ provided it was consistent with a positive data story, even if it softened the outlook at the margin. All of that said, the currency outlook would change rapidly if risks were realised and we saw a large global shock. But in that case, the whole economic landscape would change too.

Chart of the week

The data turnaround late last year has been reflected in the NZD.

NZD-TWI and 90-day rate



Source: Bloomberg

The ANZ heatmap

Variable	View	Comment	Risks around our view
GDP	2.4% y/y for 2021 Q1	The outlook for GDP is looking more positive, with growth around trend now looking more achievable on average over the medium term.	Neutral Negative Positive
Unemployment rate	4.0% for 2021 Q1	The labour market is "tight". Although the unemployment rate may be thrown around in coming quarters, trend deterioration is looking less likely.	Neutral Down (better) Up (worse)
OCR	1% in March 2021	We expect the RBNZ to be on hold for the foreseeable future, but downside risks remain. Market pricing for a small chance of cuts is appropriate.	Neutral Down Up
CPI	1.9% y/y for 2021 Q1	Inflation is around where it needs to be. Around-trend growth looks set to see medium-term inflation more comfortably near target.	Neutral Negative Positive



Economic overview

We see the NZD close to current levels, but risks could change that rapidly.

Summary

The NZD-TWI exchange rate moved higher in recent months, though it remains below levels seen a year ago. We expect news of the new Wuhan coronavirus will weigh in the short term, but developments beyond that are hugely uncertain. Assuming it is contained, over the coming year, we see the OCR on hold for now, with the NZD expected to hover close to current levels, held up by export prices, global monetary stimulus and improved risk appetite. Policy easing from some other central banks will be supportive, but we see upside as limited, with the domestic outlook largely priced in. If the NZD did move higher, we don't think it would perturb the RBNZ provided it was consistent with a positive data story, even if it softened the outlook at the margin. All of that said, the currency outlook would change rapidly if risks were realised and we saw a large global shock. But in that case, the whole economic landscape would change too.

Forthcoming data

Overseas Merchandise trade – December (Thursday 30 January, 10:45am). A small surplus is expected on the back of stronger export values to finish the year.

ANZ Roy Morgan Consumer Confidence – January (Friday 31 January, 10:00am).

What's the view?

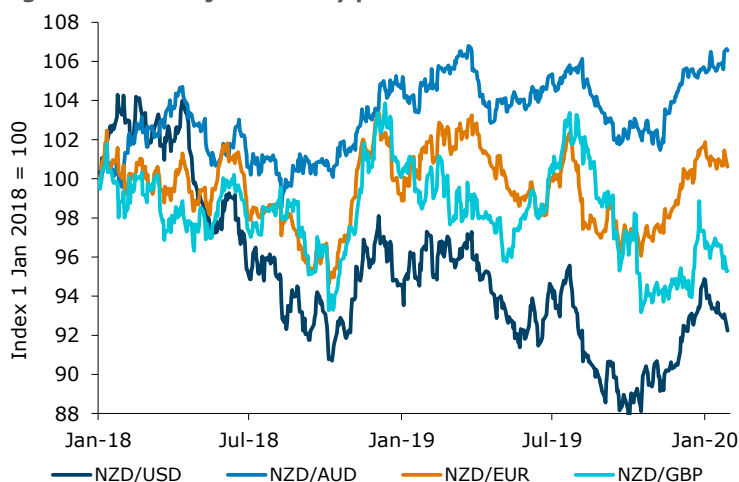
This morning we released our full set of forecasts in our [ANZ Quarterly Economic Outlook](#). With the medium-term outlook a bit more assured, we see the OCR on hold for now. Reflecting this stable outlook, notwithstanding important risks in either direction, the NZD/USD is expected to hover close to its current level over coming years, held up by export prices, global monetary stimulus and improved global risk appetite.

Looking back, the NZD has moved higher in recent months, despite some retracement recently (figure 1). The trade-weighted index (TWI) is 3.7% higher than where it hovered over the period from September to November, but remains 3% lower than the levels reached a year prior. The TWI is also 1.7% above the RBNZ's quarterly-average assumption of 71.4 for Q1. Our exchange rate forecasts are now higher, reflecting the starting point.

We've updated our economic forecasts.

The NZD has moved higher on the more positive outlook.

Figure 1. NZD major currency pairs



Source: Bloomberg

Strength in the NZD has been particularly notable against the AUD. The Australian economy has generally underwhelmed and more monetary stimulus is expected this year, although last week's strong employment report means that a cash rate cut in February is looking less likely. ANZ is no longer expecting a February RBA cut, but is forecasting one cash rate cut in April and another later in 2020, bringing the cash rate down to 0.25%.

Particularly NZD/AUD.

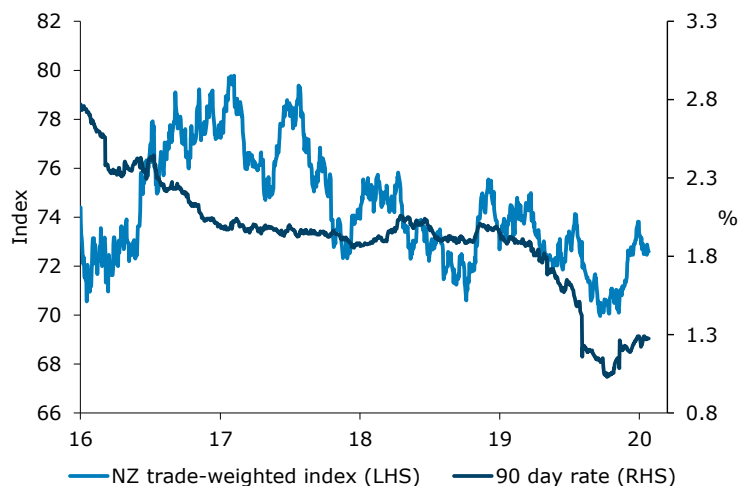


Economic overview

Current TWI levels are consistent with on hold RBNZ.

Recent appreciation in the NZD reflects both the more positive domestic data flow and receding downside risks that were weighing on the outlook for interest rates (figure 2). Only a small chance of further OCR cuts is now priced in, after the OCR was slashed 75bps through the middle of 2019. When the TWI reached its recent low in September, 44bps of further OCR cuts were priced in over 2020, which would bring the OCR down to 0.5%. That has reduced to 12bps priced in currently – consistent with our view that the OCR will remain on hold, notwithstanding ever-present downside global risks that could change the picture abruptly.

Figure 2. NZD-TWI and 90-day rate



Source: Bloomberg

Global data has been more positive...

The global data flow has also turned more positive of late, supporting risk sentiment and the NZD. However, trade uncertainty continues to cast a shadow, and has the potential to cause market ructions. Markets remain particularly wary of trade developments.

...but markets are concerned about coronavirus, and rightly so.

And late last week risk sentiment deteriorated on news about a new coronavirus, originating in Wuhan, China. Markets are concerned, and rightly so. The virus has claimed at least 80 lives, with more than 3,000 cases, centred in China but also in a range of other countries. The virus has an incubation period of up to 14 days, so these numbers can be expected to rise. The possible impact on human life is very worrying and our thoughts are with the families of those impacted.

We are assuming only a small impact so far, with the hope the virus is contained rapidly.

The economic impact could be significant too. The hope is that the outbreak can be contained rapidly but retail, tourism and related sectors in China will already be experiencing an impact. And should the outbreak last some time, there could be an impact on industrial production and global growth, though fiscal and monetary stimulus could provide an offset. Over the weekend, the Chinese Government announced that it would extend the Lunar New Year holiday, and that it would halt all international travel and tour bookings to contain the spread.

But the impact could be significant.

The NZD can sometimes trade as a proxy for China risk (the AUD more so). That means the NZD is likely to continue to be weighed by the news flow about coronavirus in the short term and could be quite volatile. For New Zealand, the most likely immediate impacts will be on tourism and via the food service channel (restaurants are very important for New Zealand's food exports to China). We are assuming that New Zealand export prices and volumes will see a temporary dampening impact in the short term. But huge uncertainty remains, with significant downside risk if the situation escalates.

Assuming the virus doesn't prove a game-changer for the global economy, the global outlook appears to be improving. But the improvement in the data is early in the making and we await continued positive news for confidence that the global economy has entered 2020 on a more solid footing. It is worth bearing in mind that cautious optimism is predicated on an expectation of further monetary stimulus from some global central banks



Economic overview

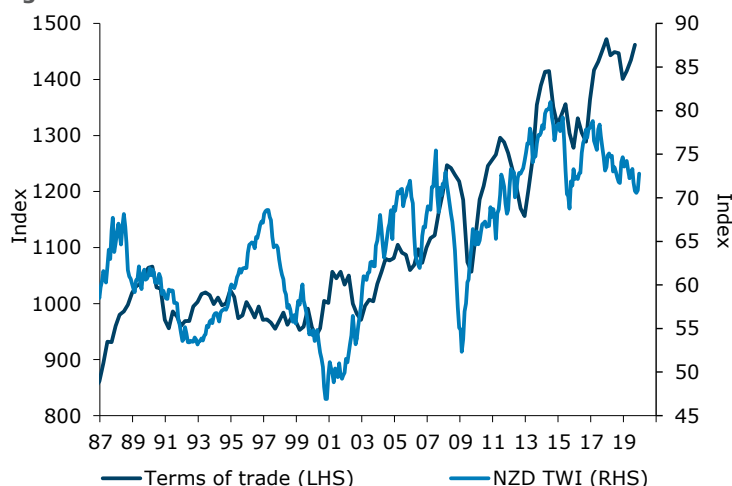
Looking forward, our terms of trade are expected to remain elevated.

over the coming year (notably the RBA). This is expected to provide a floor for global demand and thus our exports, and will continue to bolster the NZD, stemming the depreciation from here.

Our terms of trade are expected to remain elevated. That said, in the near term, some downward pressure on (very elevated) meat prices and prices in GlobalDairyTrade auctions seems likely, reflecting uncertainty about the coronavirus and reduced buying due to the Chinese holiday period.

But looking through this, the global demand-supply balance is supportive of continued high export returns over the next six months at least. Despite good returns, we don't expect favourable terms of trade will pass through to activity or inflation as strongly as they might have in previous cycles, since high export prices are driven by supply factors and farmer debt levels are high. Plus the terms of trade is being boosted by lower import prices – boosting purchasing power, but dampening inflation. Nonetheless, the high terms of trade should boost national incomes and provide some certainty in coming years, even if income gains are used to pay down debt in sectors like dairy. This will continue to hold the NZD in good stead for some time yet (figure 3).

Figure 3. NZD and terms of trade



Source: Statistics NZ, Bloomberg

On the whole, we expect stability across major currency pairs.

Recently, the positive domestic data flow has been less 'surprising' (as measured by divergences from surveyed expectations of economists), reflecting a recalibration of expectations. And consistent with this, the more positive domestic outlook and its impact on interest rate differentials looks largely priced into the NZD already. Overall, we are expecting stability across major currency pairs, with some modest depreciation further out on the expectation that global market volatility will increase (table 1). NZD/AUD is expected to be flat, with RBA easing at some stage over 2020, weighing down the AUD leg of the cross.

Table 1: NZD forecasts against major currency pairs

	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21
NZD/USD	0.67	0.66	0.66	0.65	0.65	0.65	0.65	0.65
NZD/AUD	0.97	0.97	0.97	0.97	0.97	0.97	0.97	0.97
NZD/EUR	0.62	0.6	0.6	0.6	0.58	0.58	0.57	0.57
NZD/JPY	74.4	73.9	73.9	73.9	73.9	73.9	73.9	73.9
NZD/GBP	0.51	0.50	0.49	0.48	0.47	0.47	0.46	0.46

Source: ANZ Research



Economic overview

The RBNZ will not be perturbed by the recent TWI appreciation.

Currency movements are considered amongst other developments.

We see upside to NZD as reasonably limited.

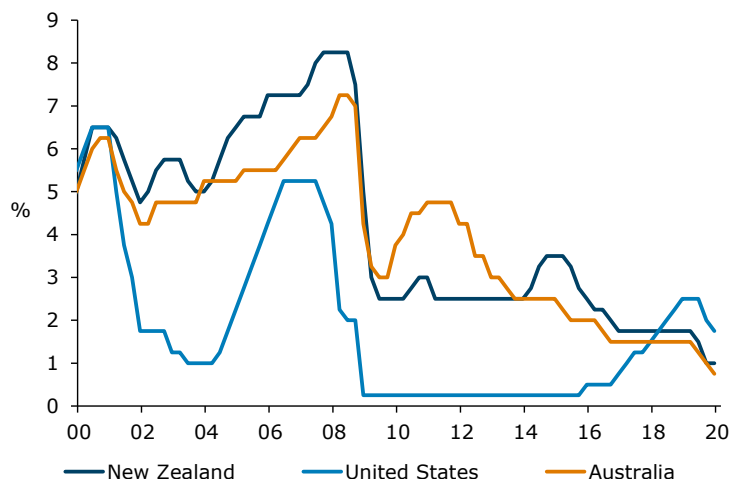
Global shocks can be a game changer for the outlook.

The recent appreciation in the TWI is consistent with economic fundamentals, so we don't see it affecting the RBNZ's assessment ahead of the February MPS. Drivers of exchange rate movements matter as much as the moves themselves. If a stronger exchange rate reflects positive data, the RBNZ is likely to look through it, or see it as justified.

From here, we expect the NZD to remain supported, but we see sustained upside as limited across currency pairs, even with further global monetary easing anticipated ahead. If we are wrong about that and we see a stronger NZD on the back of global policy easing, it would weigh on the inflation and growth outlook at the margin, but we wouldn't expect sustained strength or for it to perturb the RBNZ.

Policy rates in New Zealand often move out of synch with global policy rates, including the cash rate in Australia (figure 4). And the RBNZ is laser-focused on the domestic economy. Arguably they are ahead of other central banks in responding to the recent loss in economic momentum. Provided NZD strength was still underpinned by good domestic data flow, the RBNZ will not be spurred into action by it. Such an appreciation risk would temper the OCR outlook a little, but currency movements would be considered amongst a myriad of other domestic developments.

Figure 4. Policy rates



Source: Bloomberg

We also see upside to the NZD as reasonably limited based on the New Zealand data flow. Much of the recent turnaround in the data has already been accounted for, with only a small chance of OCR cuts now priced in. Given that there is a very high hurdle to interest rate hikes, upward moves in domestic yields may be limited. And we expect that some volatility in the year ahead, along with a gradual improvement in the global data flow, should cap the NZD, even as the terms of trade remain supportive.

That said, global shocks have the potential to buffet the currency significantly. A large global event – likely at some stage, but completely unforecastable – could see the NZD drop like a stone. The catalyst for such an event could be a marked global growth slowdown, a reassessment of credit risk, other financial market ructions, rapid spreading of the Wuhan coronavirus, or something completely unforeseen.

Over the longer term, New Zealand's external position and structural drivers of the currency have not changed. Ultimately, we are a net borrower from the world, with persistent trade and current account deficits (figure 5), in sharp contrast with the trade surpluses currently being seen in Australia. Our external position will tend to limit the extent to which the exchange rate can appreciate. Absent a global shock and conditional on an on hold RBNZ, deviations from recent currency trends are not expected to be large.

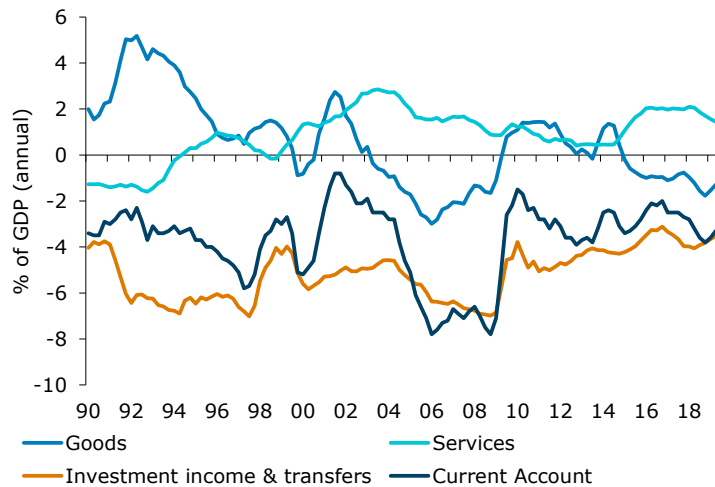


Economic overview

Longer term, structural drivers should keep the NZD in check.

Trade data is expected to show a small surplus.

Figure 5. Current account balance



Source: Statistics NZ

Speaking of trade data, Overseas Merchandise Trade data out this week is expected to post a small unadjusted surplus of \$50m, which would see the annual deficit narrow \$40m to -\$4,775m. The shift to surplus predominantly reflects the usual seasonal lift in export volumes on the back of a seasonal rise in milksolids production, which together with elevated prices should see export values come in at a healthy \$5.5bn for the month. At the same time, import values (+5.45bn) are expected to be seasonally soft following the Christmas buying flurry.

Local data

Performance Services Index – December. We saw a pull-back from 52.9 to 51.9, but monthly volatility aside, it's consistent with a tentative floor following recent decline.

GlobalDairyTrade auction. A 1.7% lift in the GDT Price Index. Whole milk powder gained 2.4%, which bodes well for the farmgate milk price.

Net migration – November. Large downward revisions are significant for the story, but it's the story we had been telling anyway.

Consumer Price Index – Q4. CPI was 0.5% q/q (1.9% y/y) with a further tick up in the range core inflation measures, which sit comfortably near the RBNZ's target midpoint.

What you may have missed

Please [contact us](#) if you would like to be added to the distribution list for any of these publications. Otherwise click on the links below to view reports.

- [Q4 CPI Review – Close to target](#)
- [NZ Property Focus – What do you expect?](#)



Data calendar

Date	Country	Data/event	Mkt.	Last	NZ time	
28-Jan	JN	PPI Services YoY - Dec	2.1%	2.1%	12:50	
	AU	NAB Business Conditions - Dec	--	4	13:30	
	AU	NAB Business Confidence - Dec	--	0	13:30	
	UK	Nationwide House PX MoM - Jan	0.2%	0.1%	28-Jan - 4 Feb	
	UK	Nationwide House Px NSA YoY - Jan	1.5%	1.4%	28-Jan - 4 Feb	
29-Jan	US	Durable Goods Orders - Dec P	0.4%	-2.1%	02:30	
	US	Durables Ex Transportation - Dec P	0.3%	-0.1%	02:30	
	US	Cap Goods Orders Nondef Ex Air - Dec P	0.1%	0.2%	02:30	
	US	Cap Goods Ship Nondef Ex Air - Dec P	0.2%	-0.3%	02:30	
	US	S&P CoreLogic CS 20-City MoM SA - Nov	0.35%	0.43%	03:00	
	US	S&P CoreLogic CS 20-City YoY NSA - Nov	2.40%	2.23%	03:00	
	US	Conf. Board Consumer Confidence - Jan	128	126.5	04:00	
	US	Richmond Fed Manufact. Index - Jan	-3	-5	04:00	
	AU	ANZ-RM Consumer Confidence Index - 26-Jan	--	108.3	11:30	
	AU	Westpac Leading Index MoM - Dec	--	-0.09%	13:00	
	AU	CPI QoQ - Q4	0.6%	0.5%	13:30	
	AU	CPI YoY - Q4	1.7%	1.7%	13:30	
	GE	Import Price Index MoM - Dec	0.2%	0.5%	20:00	
	GE	Import Price Index YoY - Dec	-0.7%	-2.1%	20:00	
	GE	GfK Consumer Confidence - Feb	9.6	9.6	20:00	
	EC	M3 Money Supply YoY - Dec	5.5%	5.6%	22:00	
	30-Jan	US	MBA Mortgage Applications - 24-Jan	--	-1.2%	01:00
		US	Advance Goods Trade Balance - Dec	-\$65.0B	-\$63.2B	02:30
		US	Wholesale Inventories MoM - Dec P	-0.1%	-0.1%	02:30
		US	Pending Home Sales MoM - Dec	0.7%	1.2%	04:00
US		Pending Home Sales NSA YoY - Dec	--	5.6%	04:00	
US		FOMC Rate Decision - Jan	1.75%	1.75%	08:00	
NZ		Trade Balance NZD - Dec	100M	-753M	10:45	
NZ		Trade Balance 12 Mth YTD NZD - Dec	-4725M	-4816M	10:45	
NZ		Exports NZD - Dec	5.70B	5.23B	10:45	
NZ		Imports NZD - Dec	5.40B	5.98B	10:45	
AU		Import Price Index QoQ - Q4	0.4%	0.4%	13:30	
AU		Export Price Index QoQ - Q4	-5.2%	1.3%	13:30	
GE		Unemployment Change (000's) - Jan	5.0k	8.0k	21:55	
GE		Unemployment Claims Rate SA - Jan	5.0%	5.0%	21:55	
EC		Economic Confidence - Jan	101.8	101.5	23:00	
EC		Business Climate Indicator - Jan	-0.2	-0.25	23:00	
EC		Consumer Confidence - Jan F	--	-8.1	23:00	
EC		Unemployment Rate - Dec	7.5%	7.5%	23:00	
31-Jan		UK	Bank of England Bank Rate - Jan	0.75%	0.75%	01:00
		UK	BoE Asset Purchase Target - Jan	£435B	£435B	01:00
	GE	CPI EU Harmonized MoM - Jan P	-0.7%	0.6%	02:00	
	GE	CPI EU Harmonized YoY - Jan P	1.7%	1.5%	02:00	
	GE	CPI MoM - Jan P	-0.6%	0.5%	02:00	
	GE	CPI YoY - Jan P	1.7%	1.5%	02:00	
	US	GDP Annualized QoQ - Q4 A	2.1%	2.1%	02:30	
	US	Personal Consumption - Q4 A	2.0%	3.2%	02:30	
	US	GDP Price Index - Q4 A	1.8%	1.8%	02:30	

Continued on following page



Data calendar

Date	Country	Data/event	Mkt.	Last	NZ time
31-Jan	US	Core PCE QoQ - Q4 A	1.6%	2.1%	02:30
	US	Initial Jobless Claims - 25-Jan	215k	211k	02:30
	US	Continuing Claims - 18-Jan	1730k	1731k	02:30
	NZ	ANZ Consumer Confidence MoM - Jan	--	2.2%	10:00
	NZ	ANZ Consumer Confidence Index - Jan	--	123.3	10:00
	JN	Tokyo CPI YoY - Jan	0.7%	0.9%	12:30
	JN	Tokyo CPI Ex-Fresh Food YoY - Jan	0.8%	0.8%	12:30
	JN	Retail Sales MoM - Dec	1.2%	4.5%	12:50
	JN	Retail Sales YoY - Dec	-1.7%	-2.1%	12:50
	JN	Industrial Production MoM - Dec P	0.7%	-1.0%	12:50
	JN	Industrial Production YoY - Dec P	-3.6%	-8.2%	12:50
	UK	GfK Consumer Confidence - Jan	-9	-11	13:01
	AU	PPI QoQ - Q4 P	--	0.4%	13:30
	AU	PPI YoY - Q4	--	1.6%	13:30
	AU	Private Sector Credit MoM - Dec	0.2%	0.1%	13:30
	AU	Private Sector Credit YoY - Dec	2.3%	2.3%	13:30
	CH	Composite PMI - Jan	--	53.4	14:00
	CH	Manufacturing PMI - Jan	50.0	50.2	14:00
	CH	Non-manufacturing PMI - Jan	53.0	53.5	14:00
	GE	Retail Sales MoM - Dec	-0.5%	1.5%	20:00
	GE	Retail Sales NSA YoY - Dec	4.5%	2.7%	20:00
	UK	Net Lending Sec. on Dwellings - Dec	£4.1B	£4.1B	22:30
	UK	Mortgage Approvals - Dec	65.6k	65.0k	22:30
	UK	Money Supply M4 MoM - Dec	--	0.8%	22:30
	UK	M4 Money Supply YoY - Dec	--	4.5%	22:30
	EC	GDP SA QoQ - Q4 A	0.2%	0.2%	23:00
	EC	GDP SA YoY - Q4 A	1.1%	1.2%	23:00
	EC	CPI MoM - Jan P	-0.9%	0.3%	23:00
	EC	CPI Core YoY - Jan P	1.2%	1.3%	23:00
	EC	CPI Estimate YoY - Jan	1.4%	1.3%	23:00
1-Feb	US	PCE Core Deflator MoM - Dec	0.1%	0.1%	02:30
	US	Employment Cost Index - Q4	0.7%	0.7%	02:30
	US	Personal Income - Dec	0.3%	0.5%	02:30
	US	Personal Spending - Dec	0.3%	0.4%	02:30
	US	PCE Deflator MoM - Dec	0.2%	0.2%	02:30
	US	PCE Deflator YoY - Dec	1.6%	1.5%	02:30
	US	PCE Core Deflator YoY - Dec	1.6%	1.6%	02:30
	US	MNI Chicago PMI - Jan	48.9	48.2	03:45
	US	U. of Mich. Sentiment - Jan F	99.1	99.1	04:00

Key: AU: Australia, EC: Eurozone, GE: Germany, JN: Japan, NZ: New Zealand, UK: United Kingdom, US: United States, CH: China.

Source: Dow Jones, Reuters, Bloomberg, ANZ Bank New Zealand Limited. All \$ values in local currency.

Note: All surveys are preliminary and subject to change



Local data watch

Domestic data has turned upward and growth looks like it will improve gradually from here. Although capacity pressures have eased a little, the medium term outlook is now looking more assured. We see the OCR on hold for the foreseeable future. Global risks are the wild card.

Date	Data/event	Economic signal	Comment
Thu 30 Jan (10:45am)	Overseas Merchandise Trade – December	Rise	Net exports to remain strong, supported by strength in dairy export volumes in December.
Fri 31 Jan (10:00am)	ANZ Roy Morgan Consumer Confidence – January	--	--
Tue 4 Feb (10:45am)	Building Consents – December	Wary	Consents have been holding at a high level. While downside risks remain, recent resurgence in the housing market provides some offset.
Wed 5 Feb (early am)	GlobalDairyTrade auction	Easing	Reduced buying power expected due to Chinese New Year holidays and the coronavirus outbreak in China.
Wed 5 Feb (10:45am)	Labour Market Statistics – Q4	Tight	The labour market is tight, but the recent slowdown in economic momentum is yet to filter through.
Wed 5 Feb (1:00pm)	ANZ Commodity Price Index – January	--	--
Mon 10 Feb (10:15 Feb)	REINZ Housing Data – January	Rebound	The housing market rebounded over the second half of 2019, and more strength seems likely, given market tightness.
Tue 11 Feb (10:00am)	ANZ Truckometer – January	--	--
Wed 12 Feb (2:00pm)	RBNZ Monetary Policy Statement – February	Hold the door	The RBNZ can afford to be patient. Inflation appears close to target and the data pulse has improved. We expect the OCR to remain unchanged at 1%.
Fri 14 Feb (10:45am)	Food Price Index – January	Rebound	A seasonal rebound in food prices is expected.
Fri 14 Feb (10:45am)	Rental Price Index – January	Small rise	Continued increases in rental prices should support a quarterly rise in CPI rents.
Mon 17 Feb (10:45am)	Net Migration – December	Down	The vibe is certainly that migration has been heading downwards, but data can – and does – throw up wildcards.
Mon 17 Feb (1:00pm)	ANZ Monthly Inflation Gauge – January	--	--
Wed 19 Feb (early am)	GlobalDairyTrade auction	Easing	Dairy prices are expected to continue to ease due to market uncertainty relating to the coronavirus outbreak.
Mon 24 Feb (10:45am)	Retail Sales – Q4	Bright spot	A robust household sector is one of the economy's bright spots. Don't fail us now.
Thu 27 Feb (10:45am)	Overseas Merchandise Trade – January	Easing	Dairy export volumes are expected to ease and a relatively slow start to the meat-processing season will keep export volumes in check.
Thu 27 Feb (1:00pm)	ANZ Business Outlook – February	--	--
Fri 28 Feb (10:00am)	ANZ Roy Morgan Consumer Confidence – February	--	--
Mon 2 Mar (10:45am)	Terms of Trade – Q4		The terms of trade may recoil slightly on a q/q basis, but are expected to remain at a high level.
Wed 4 Mar (early am)	GlobalDairyTrade auction	Steady	Market direction will depend on the extent of the development of coronavirus.
Wed 4 Mar (10:45am)	Building Consents – January	Hi there	Consents have been holding at a high level. While downside risks remain, recent resurgence in the housing market is expected to provide continued support.
Wed 4 Mar (1:00pm)	ANZ Commodity Price Index – February	--	--
Fri 6 Mar (10:45am)	Work Put In Place – Q4	Build me up	Another nudge up is expected, with building consents having pushed higher.
Tue 10 Mar (10:00am)	ANZ Truckometer – February	--	--
On balance		Data watch	The vibe has improved and we now see the OCR flat for the foreseeable future. Global risks are the wildcard.



Key forecasts and rates

	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21
GDP (% qoq)	0.7	0.5	0.7	0.6	0.6	0.6	0.6	0.7	0.7
GDP (% yoy)	2.3	1.7	2.0	2.5	2.4	2.5	2.4	2.5	2.6
CPI (% qoq)	0.7	0.5	0.5	0.5	0.5	0.2	0.6	0.5	0.6
CPI (% yoy)	1.5	1.9	2.2	2.1	2.0	1.7	1.9	2.0	2.0
LCI Wages (% qoq)	0.6	0.6	0.4	0.8	0.6	0.6	0.4	0.9	0.6
LCI Wages (% yoy)	2.3	2.3	2.4	2.3	2.3	2.3	2.4	2.5	2.5
Employment (% qoq)	0.2	0.4	0.3	0.5	0.4	0.5	0.4	0.4	0.4
Employment (% yoy)	0.9	1.2	1.5	1.4	1.7	1.7	1.8	1.7	1.7
Unemployment Rate (% sa)	4.2	4.2	4.3	4.2	4.1	4.1	4.0	3.9	3.8
Current Account (% GDP)	-3.3	-3.3	-3.4	-3.5	-3.5	-3.6	-3.7	-3.7	-3.7
Terms of Trade (% qoq)	1.9	-0.1	1.7	-0.6	0.5	0.1	0.1	0.1	0.1
Terms of Trade (% yoy)	1.0	4.3	5.0	2.9	1.6	1.8	0.2	0.9	0.4

	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
Retail ECT (% mom)	-0.2	1.0	-0.6	0.3	0.0	1.2	0.3	-0.5	2.9	-0.8
Retail ECT (% yoy)	1.0	5.0	3.4	1.5	2.0	3.1	0.6	1.6	5.1	3.9
Car Registrations (% mom)	-2.1	1.9	-2.0	-2.7	5.2	-0.1	6.3	-6.5	-1.3	2.3
Car Registrations (% yoy)	-2.9	-0.5	-12.6	-11.0	-5.4	-5.2	4.7	-6.6	3.0	5.6
Building Consents (% mom)	-7.1	-7.3	14.5	-4.2	-1.2	0.8	6.9	-1.3	-8.4	--
Building Consents (% yoy)	2.9	-3.0	8.2	9.4	18.6	12.3	23.4	18.4	7.9	--
REINZ House Price Index (% yoy)	2.4	1.4	1.7	1.8	1.6	2.7	3.2	3.8	5.6	6.6
Household Lending Growth (% mom)	0.5	0.5	0.5	0.5	0.5	0.6	0.5	0.5	0.6	--
Household Lending Growth (% yoy)	5.9	5.9	6.0	5.9	5.9	6.0	6.1	6.2	6.3	--
ANZ Roy Morgan Consumer Conf.	121.8	123.2	119.3	122.6	116.4	118.2	113.9	118.4	120.7	123.3
ANZ Business Confidence	-38.0	-37.5	-32.0	-38.1	-44.3	-52.3	-53.5	-42.4	-26.4	-13.2
ANZ Own Activity Outlook	6.3	7.1	8.5	8.0	5.0	-0.5	-1.8	-3.5	12.9	17.2
Trade Balance (\$m)	825	361	175	330	-732	-1642	-1322	-1039	-753	--
Trade Bal (\$m ann)	-5739	-5578	-5602	-4987	-5516	-5591	-5333	-5067	-4816	--
ANZ World Comm. Price Index (% mom)	4.1	2.6	0.1	-3.9	-1.4	0.3	0.0	1.2	4.3	-2.8
ANZ World Comm. Price Index (% yoy)	0.6	2.2	0.7	-2.4	-0.5	0.9	3.4	7.2	12.4	9.4
Net Migration (sa)	3560	3250	3750	3330	3740	3520	2810	3400	2610	--
Net Migration (ann)	46727	46396	46144	45657	45361	44688	43217	42980	41478	--
ANZ Heavy Traffic Index (% mom)	-1.6	2.6	0.8	-2.4	2.3	-3.5	3.3	2.8	-1.6	-2.5
ANZ Light Traffic Index (% mom)	0.7	0.2	0.8	-2.0	1.4	0.3	-0.3	0.2	1.2	-2.0
ANZ Monthly Inflation Gauge (% mom)	0.1	-0.1	0.2	0.5	0.5	0.3	0.3	0.3	0.1	0.4

Figures in bold are forecasts. mom: Month-on-Month; qoq: Quarter-on-Quarter; yoy: Year-on-Year



Key forecasts and rates

FX rates	Actual			Forecast (end month)					
	Nov-19	Dec-19	Today	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21
NZD/USD	0.642	0.674	0.654	0.67	0.66	0.66	0.65	0.65	0.65
NZD/AUD	0.950	0.961	0.968	0.97	0.97	0.97	0.97	0.97	0.97
NZD/EUR	0.583	0.600	0.594	0.62	0.60	0.60	0.58	0.58	0.57
NZD/JPY	70.31	73.10	71.27	74.4	73.9	73.9	72.8	72.8	72.8
NZD/GBP	0.497	0.511	0.501	0.51	0.50	0.49	0.48	0.47	0.47
NZ\$ TWI	71.52	73.70	72.30	74.58	73.37	73.30	72.02	71.78	71.60
Interest rates	Nov-19	Dec-19	Today	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21
NZ OCR	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
NZ 90 day bill	1.23	1.29	1.26	1.20	1.20	1.20	1.20	1.20	1.20
NZ 10-yr bond	1.29	1.65	1.35	1.95	1.67	1.65	1.30	1.30	1.25
US Fed funds	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
US 3-mth	1.91	1.91	1.77	1.90	1.90	1.90	1.90	1.90	1.90
AU Cash Rate	0.75	0.75	0.75	0.75	0.50	0.25	0.25	0.25	0.25
AU 3-mth	0.89	0.92	0.89	0.70	0.45	0.45	0.45	0.45	0.45

	24-Dec	20-Jan	21-Jan	22-Jan	23-Jan	24-Jan
Official Cash Rate	1.00	1.00	1.00	1.00	1.00	1.00
90 day bank bill	1.26	1.29	1.27	1.27	1.27	1.28
NZGB 05/21	1.12	1.02	1.01	1.01	1.01	1.03
NZGB 04/23	1.19	1.09	1.09	1.07	1.07	1.06
NZGB 04/27	1.50	1.41	1.42	1.39	1.37	1.34
NZGB 04/33	1.87	1.77	1.78	1.75	1.72	1.66
2 year swap	1.27	1.20	1.22	1.21	1.22	1.23
5 year swap	1.44	1.33	1.35	1.32	1.33	1.33
RBNZ TWI	73.07	72.60	72.50	72.53	72.46	72.88
NZD/USD	0.6633	0.6602	0.6601	0.6594	0.6595	0.6607
NZD/AUD	0.9588	0.9621	0.9625	0.9633	0.9599	0.9681
NZD/JPY	72.55	72.74	72.61	72.52	72.26	72.20
NZD/GBP	0.5126	0.5084	0.5063	0.5049	0.5022	0.5054
NZD/EUR	0.5991	0.5956	0.5945	0.5948	0.5946	0.5992
AUD/USD	0.6918	0.6862	0.6858	0.6846	0.6870	0.6832
EUR/USD	1.1072	1.1084	1.1104	1.1086	1.1091	1.1025
USD/JPY	109.41	110.18	110.00	109.98	109.58	109.28
GBP/USD	1.2940	1.2985	1.3038	1.3061	1.3131	1.3073
Oil (US\$/bbl)	61.11	58.54	58.34	56.74	55.59	54.19
Gold (US\$/oz)	1490.38	1559.81	1554.83	1558.50	1554.75	1571.53
NZX 50	11643	11747	11805	11890	11901	11878
Baltic Dry Freight Index	1090	729	689	623	576	557
NZX WMP Futures (US\$/t)	3090	3155	3155	3300	3300	3300



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