ANZ Research

NZ Insight: Inflation and monetary policy – Australia vs New Zealand

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RBA/RBNZ policy divergence back in the spotlight

Despite very similar rates of inflation in Australia and New Zealand, the policy outlooks for the RBA and RBNZ differ significantly. We expect the RBA to lift the cash rate to a peak of 3.85% in 2023, versus a peak of 5.75% for the RBNZ's OCR. The RBA has moved to smaller 25bp hikes in the last two meetings, while the RBNZ has stepped up the pace, delivering a 75bp hike at its November meeting.

Drivers of this difference are:

- the RBA is not currently dealing with the same inflationary pressures from wage growth that the RBNZ is and does not expect to,
- the RBNZ is more concerned about higher inflation expectations,
- the RBNZ is estimating that at 4.25%, only now has the OCR finally reached contractionary territory, whereas the RBA does not view the neutral rate as a "prescription for what policy should do",
- the RBA places more emphasis on protecting the strong labour market, while the RBNZ is trying to engineer a recession to slow inflation,
- the RBA is more willing to accept a prolonged period of above-target inflation and, in any event, has a higher mid-point for its target than the RBNZ.
- the RBA has a faster and greater transmission mechanism to household debt-servicing costs than the RBNZ does, and
- the RBA may be more concerned about the economic impact of slowing global growth (although the RBNZ is certainly aware of it).

Table 1. Data summary for Q3 (annual rates)

	CPI inflation	Trimmed mean inflation	Tradables inflation	Non-tradables inflation	Wage price/labour cost index (all sectors)	Average hourly earnings (all sectors)	Terminal rate (ANZ forecast)
Australia	7.3%	6.1%	8.7%	6.5%	3.1%	5.0%	3.85%
New Zealand	7.2%	6.4%	8.1%	6.6%	3.7%	7.4%	5.75%

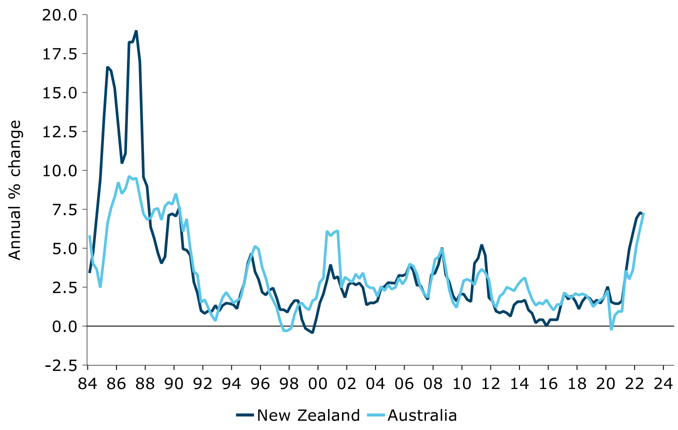
Source: ABS, Stats NZ, ANZ Research

Same inflation, very different policy

The inflation environment looks very similar in Australia and New Zealand, with annual CPI inflation sitting at 7.3% and 7.2% respectively in Q3 (Figure 1). Yet we anticipate the RBA will hike the cash rate to a peak of 3.85% in 2023, versus a much higher peak of 5.75% for the RBNZ's Official Cash Rate (OCR). The RBA reverted to 25bp rate hikes in October and November, while the RBNZ out-hawked all expectations at its November meeting, not only lifting the OCR 75bp (as expected), but also bumping up its (conditional) forecast for the terminal OCR to 5.5%, versus 4.1% at the August meeting.

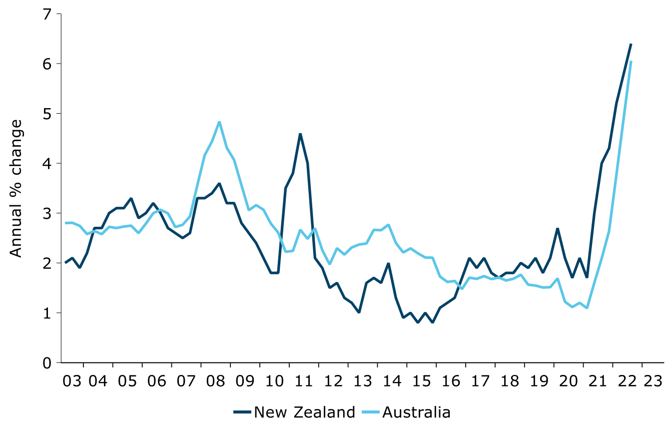
In this note, we explore some of the reasons for the marked disparity in the policy outlooks of the two central banks, including the similarities and differences in the inflation data and other influences on monetary policy.

Figure 1. Headline inflation



Source: Stats NZ, ABS, Macrobond, ANZ Research

Figure 2. Trimmed mean inflation



Source: Stats NZ, ABS, Macrobond, ANZ Research

Australia's inflation has caught up to New Zealand's

Inflationary pressures in both countries are broad-based, with **trimmed mean inflation** above 6% y/y and showing no signs of slowing yet (Figure 2). In Australia, 71% of items in the CPI basket rose by more than 3% (annualised) in Q3. In New Zealand, it was 75%. This highlights the pervasive nature of inflation pressures in both countries. It's not just high petrol prices and global supply constraints sending CPI inflation higher, but a wave of price rises across the consumer basket.

Tradables inflation has escalated more sharply than non-tradables, and now exceeds 8% y/y in both countries. Tradables inflation measures prices for goods and services that are exposed to international competition, so is more a reflection of global inflation pressures. Given the global inflation shock catalysed by the COVID-19 pandemic and exacerbated by the war in Ukraine, it's no surprise that imported inflation pressures have been intense on both sides of the Tasman (Figure 3).

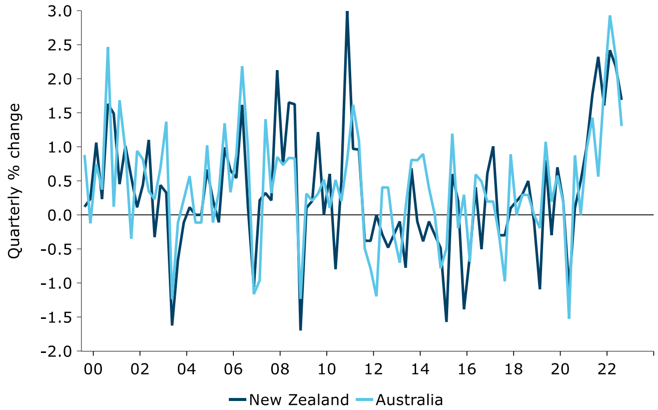
But, with global supply chains adjusting, shipping costs and delivery times falling rapidly and oil prices off their peaks, we're tentatively optimistic that we're through the worst for tradables inflation (on a quarterly basis at least).

It is the acceleration in **non-tradables inflation** that is more troubling. Non-tradables inflation largely reflects domestic drivers such as domestic demand, the labour market and domestic monetary policy. It tends to be more persistent and harder to turn around once it gains momentum, which is a concern for both the RBA and RBNZ. Even as global shipping costs ease and supply chains adapt, home-grown inflation pressures are likely to remain too high for too long in both countries, without adequate central bank action. We're seeing this in many countries, with the composition of inflation gradually tilting towards services rather than the goods inflation that dominated earlier.

2020 volatility aside, New Zealand was the first of the two countries to see a significant increase in domestic inflation pressures (Figure 4). However, non-tradables inflation in Australia has accelerated sharply since late 2021 and now exceeds New Zealand's on a quarterly basis.

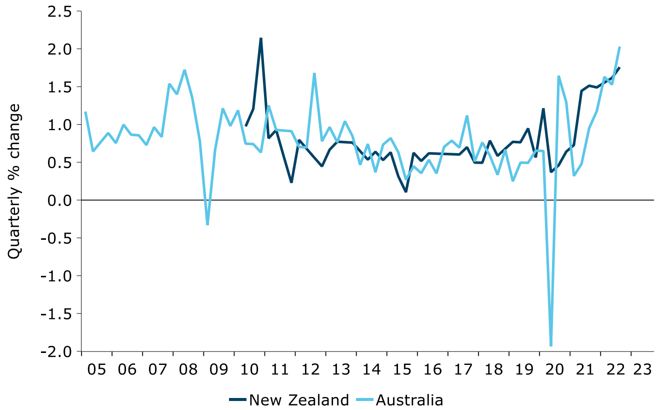
See further comparisons of Australian and New Zealand inflation data in the Appendix.

Figure 3. Tradables inflation, seasonally adjusted



Source: Stats NZ, ABS, Macrobond, ANZ Research

Figure 4. Non-tradables inflation, seasonally adjusted



Source: Stats NZ, ABS, Macrobond, ANZ Research

Wage growth has been a significant difference so far

We think the stronger **wage growth** trajectory in New Zealand compared with Australia is a key reason for the difference in the policy stances of both central banks. New Zealand's Labour Cost Index (LCI) rose 3.7% y/y in Q3 and has been at or above 3% y/y since the beginning of this year. Australia's Wage Price Index (WPI) only broke out of the 2s in Q3, rising 3.1% y/y[1] (Figure 5).

The difference is starker for average hourly earnings (Figure 6). In New Zealand, average hourly earnings were up 7.4% y/y in Q3, and even stronger in the private sector at 8.6% y/y, whereas Australia's equivalent was up 5.0% y/y in Q2.

In New Zealand, wage-price spiral dynamics are becoming increasingly robust and entrenched in the domestic economy and pose significant upside risks to the outlook for non-tradables inflation.

While higher wage growth is a relief for stretched Kiwi households and a reflection of the sheer tightness in the labour market, it increases costs for firms when not matched by a commensurate lift in productivity. And when firms' margins are being squeezed by all manner of other cost increases, there's little recourse but to put prices up. In turn, this puts renewed pressure on households who then demand further inflation compensation.

This is the feedback loop between high inflation and high wages in action. So, as long as demand remains overstimulated in the economy, this dynamic can see inflation continue to spiral higher and higher – or at least not fall meaningfully from supposedly transitory spikes.

This dynamic is now well entrenched in the New Zealand labour market and underlies our expectation that the RBNZ will lift the OCR all the way to 5.75% in 2023. Combine a super-tight labour market with still-rising inflation expectations (more on this below), and it's clear why the RBNZ is so concerned about the current inflation outlook.

In Australia, wages have not been a major driver of higher inflation so far, with the RBA noting in its November Statement on Monetary Policy (SoMP) that:

> Reports of higher labour costs contributing to price increases have so far been largely contained to a few specific sectors.

[1] New Zealand's LCI and Australia's WPI both adjust for quality and quantity of labour.

Wage growth is accelerating, though, with the WPI rising 1.0% q/q in Q3. This was the strongest quarterly result in a decade, partly reflecting the larger minimum and award-wage rises, but also a sharper-than-expected acceleration in wage growth for workers on individual arrangements and more broadly across the private sector.

But there are still handbrakes. Despite the tightness in the labour market, wage growth under new collective agreements is lifting only gradually, public sector wage growth caps persist, and non-wage measures have been widely used to attract and retain workers.

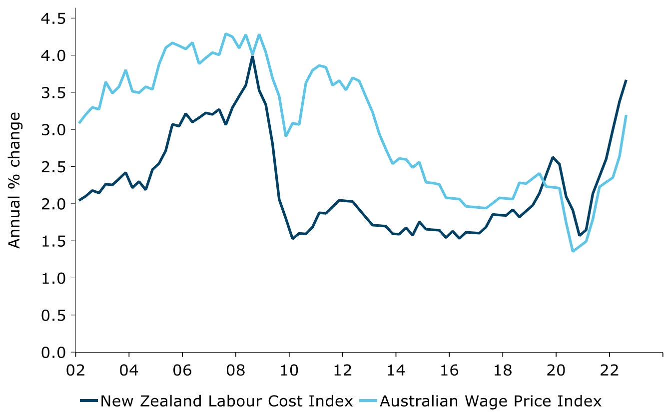
In a speech the week after the Q3 WPI data, RBA Governor, Phil Lowe, said:

> While wages growth in parts of the private sector has picked up materially, aggregate wage outcomes in Australia have been consistent with a return of inflation to target.

We upgraded our wage forecasts after the Q3 data and now see Australia's WPI growth accelerating to a peak of 4.3% y/y late next year and remaining at or above 4.0% y/y over 2024. The RBA would likely view this pace as consistent with inflation being above, rather than within, the target band, but not excessively so.

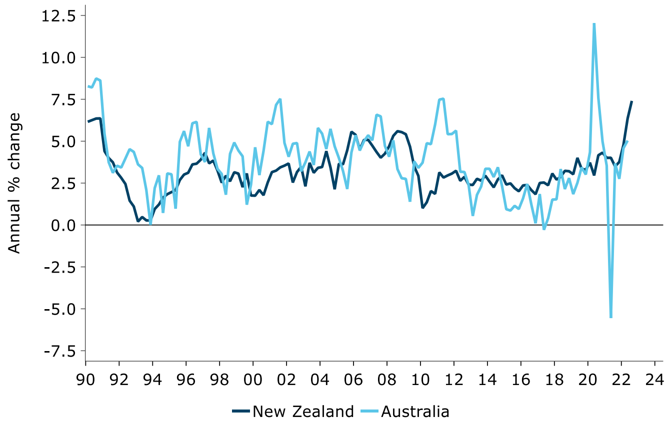
We can't rule out a price-wage spiral emerging in Australia, particularly given New Zealand's recent experience, but we are 'alert' rather than 'alarmed'. If inflation and wage expectations do shift and wage growth accelerates faster and higher, it would be an additional and more difficult challenge for the RBA to bring inflation down.

Figure 5. Quality/quantity adjusted wage growth



Source: Stats NZ, ABS, Macrobond, ANZ Research

Figure 6. Average hourly earnings



Source: RBA, Stats NZ, Macrobond, ANZ Research

The RBNZ is very concerned about inflation expectations

Another point of divergence between the RBA and RBNZ is their view around the risks of inflation expectations rising. If inflation expectations become unanchored from central bank targets (1-3% for the RBNZ and 2-3% for the RBA), it means households and businesses in the economy no longer believe that inflation will return to low rates and will incorporate future high inflation into their wage and price-setting behaviour. This creates a self-fulfilling prophecy where expectations of high inflation flow into actual high inflation, creating an inflation spiral that can only be broken by a marked economic slowdown and sharp rise in unemployment.

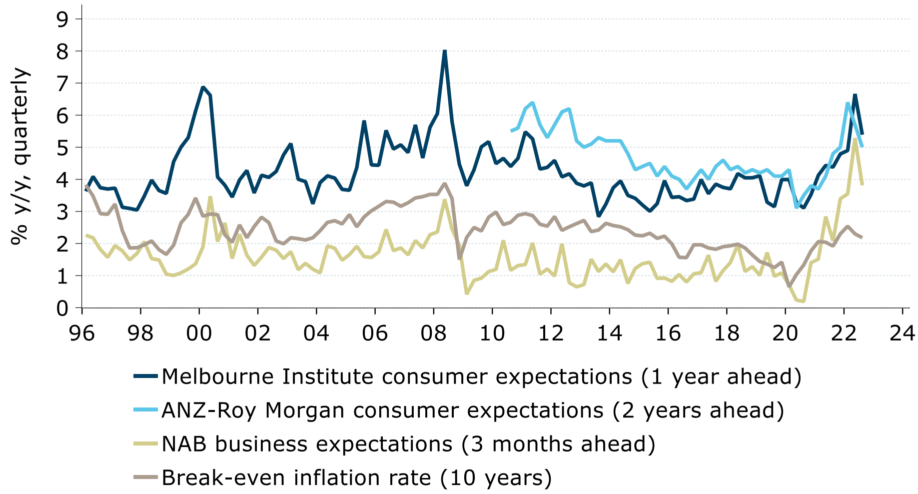
Both countries have seen measures of inflation expectations lift over the past year, but the central banks have markedly different interpretations of the data. In the November SoMP, the RBA noted that while short-term inflation expectations remain high,

> Most medium- and long-term measures [of inflation expectations] remain anchored to the inflation target, suggesting the current high inflation is expected to be relatively short lived.

As such, the RBA is taking a more measured approach than the RBNZ, only lifting the cash rate in 25bp increments in October and November.

However, the fact that near-term consumer and business inflation expectations are elevated (Figure 7) makes it easier for businesses to pass on higher costs and encourages larger wage rise demands, therefore risking medium- and longer-term expectations de-anchoring. This is precisely what the RBA needs to avoid. As Lowe pointed out in a recent speech, the process of re-anchoring inflation expectations (via rate hikes) can very painful, involving deep recessions and sharply higher unemployment.

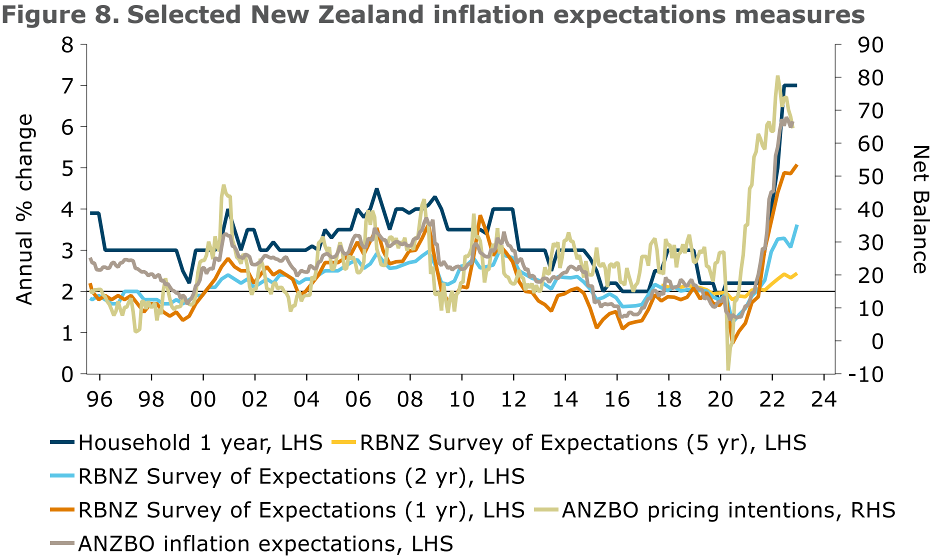
Figure 7. Selected Australian inflation expectations measures



Source: Melbourne Institute, ANZ-Roy Morgan, NAB, RBA, Macrobond, ANZ Research

In the RBNZ's November MPS and surrounding communications, it repeatedly highlighted that still-rising inflation expectations in New Zealand (Figure 8) are a key reason for the stronger OCR forecast and the expectation that annual CPI inflation will lift to a new high of 7.5% in the December quarter (in contrast to its previous forecast that inflation would fall into the 6s in the second half of 2022). The RBNZ is more concerned than the RBA about the strength in inflation expectations and sees the need to bring inflation down urgently.

Figure 8. Selected New Zealand inflation expectations measures



Source: RBNZ, Macrobond, ANZ Research

When quizzed by politicians at the Finance and Expenditure Committee about whether the RBNZ was deliberately generating a recession, the Governor said:

> I think that is correct. We are deliberately trying to slow aggregate spending in the economy. The quicker inflation expectations come down the less work we need to do and the less likely it is that we have a prolonged period of low or negative growth.

Different reactions to rising neutral rate estimates

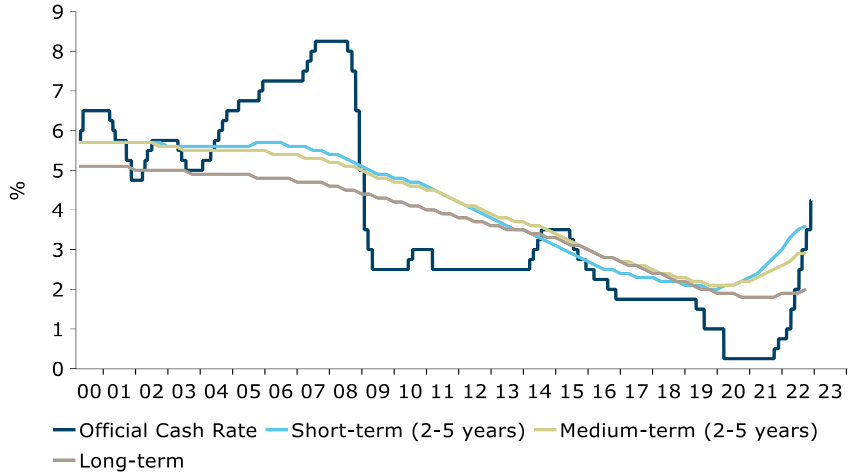
Another difference between the RBA and RBNZ is their reaction to increases in estimates of the neutral policy rate (ie the rate that is neither contractionary nor expansionary for the economy).

As explained in a recent RBA speech, the neutral policy rate generates a level of saving and investment in the economy that is consistent with the central bank's policy objectives. And because saving and investment decisions are forward-looking, it makes sense to use expectations of inflation when calculating the neutral interest rate. Therefore, when inflation expectations rise, the neutral interest rate also rises (and for policy to remain as contractionary, you also need to see a 1:1 lift in the actual policy rate).

In the November MPS, the RBNZ estimated that using two- to five-year-ahead inflation expectations generated a neutral OCR of almost 3% (higher than the 2% estimate obtained using long-term inflation expectations). And using shorter-term one- to five-year-ahead inflation expectations generates a neutral OCR of 3.6% (with large uncertainty bands around all the estimates). In the RBNZ's analysis, this essentially means that monetary policy settings have been far more stimulatory than previously thought. In essence, a higher neutral OCR means that you need to lift the actual OCR higher to achieve the same degree of monetary tightening.

This neutral rate analysis was one of the big drivers behind the RBNZ's extra-hawkish November MPS. Essentially, the Monetary Policy Committee thought it had been pumping the brakes on inflation, but the updated analysis suggests all it had done in lifting the OCR to 3.5% by October was ease off the accelerator. By lifting the OCR 75bp to 4.25%, the Committee only now estimates that it has brought monetary policy into a convincingly contractionary position (Figure 9).

Figure 9. RBNZ estimates of the neutral rate at different horizons



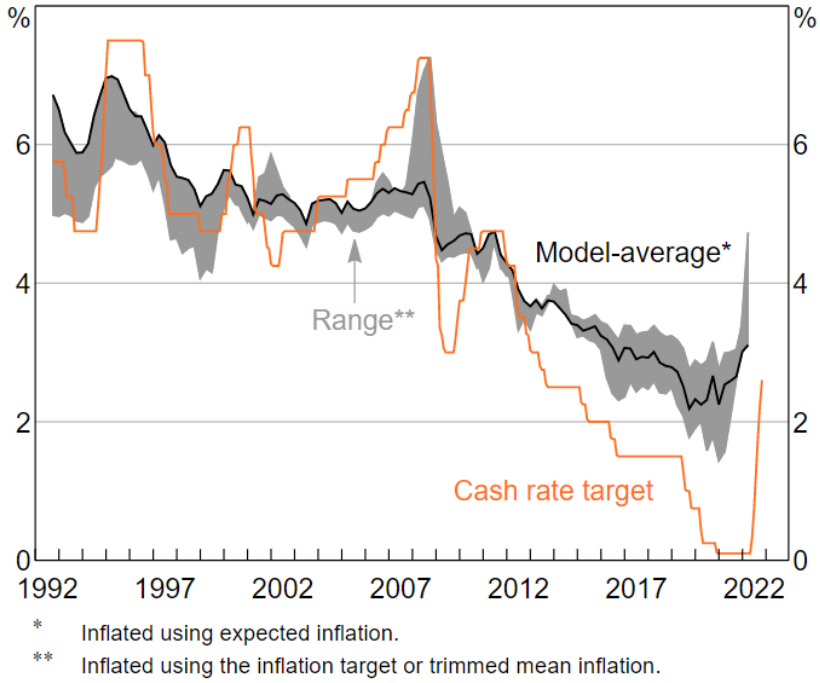
Source: RBNZ, Macrobond, ANZ Research

In contrast to the RBNZ, the RBA is not as worried about the rise in estimates of the neutral interest rate. Assistant Governor Ellis noted in a speech:

> Don't think of this as a mechanistic approach of 'we have to get back to neutral', or above neutral. The neutral rate is an important guide rail for thinking about the effect policy might be having. It is not necessarily a prescription for what policy should do.

But it may be that the RBA is still fighting the last battle. Since 2012, the cash rate was consistently below the estimated neutral range and yet inflation undershot the RBA's target for several years before the pandemic (Figure 10). If the RBA has less faith in its estimates of the neutral cash rate, and suspects they may be overstated, this helps explain why it has slowed the pace of hiking rather than taking the cash rate above the estimated neutral rate and into ostensibly contractionary territory as quickly as possible.

Figure 10. RBA estimates of nominal neutral interest rate vs cash rate target



Source: RBA

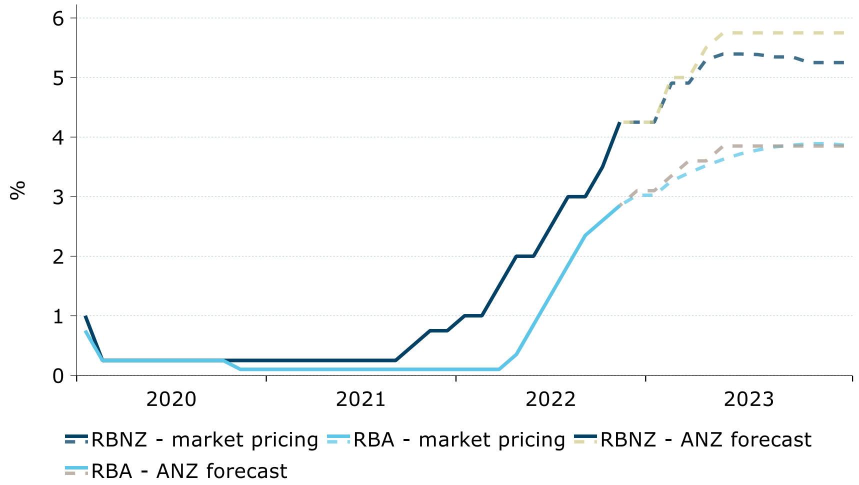
It is worth noting, as the RBNZ and RBA both do, that the neutral interest rate is unobservable, and estimates of it are therefore highly uncertain, so caution is indeed warranted when setting policy according to this guide. But, if the central bank does not get the policy rate above neutral, then interest rates will not be high enough to actively pull inflation down.

The RBA is placing a lot of weight on the tightening it has already delivered when justifying its tilt back to 25bp hikes. However, if interest rates are below (or even at) 'neutral' levels, there's a risk that the economy shrugs off the hikes delivered thus far, resulting in higher inflation for longer.

We expect a policy rate peak of 5.75% in NZ vs 3.85% in Australia

We are forecasting the RBA cash rate to peak at 3.85% in May 2023, well below the forecast RBNZ OCR peak of 5.75% by May 2023. At the time of writing, the market had priced in a peak of around 3.9% for the RBA and around 5.4% for the RBNZ (Figure 11).

Figure 11. RBNZ OCR and RBA cash rate: ANZ forecasts and market pricing (at 29 Nov)



Source: Bloomberg, Macrobond, ANZ Research

While differences in the data, particularly wages, help explain the differing policy stances, it also comes down to disparities in the outlook, the trade-offs each central bank is willing to accept, and economic and policy structural differences.

Wages are a key point of difference in the two **central banks' outlooks** as well as the starting point. The RBA is forecasting a peak in the WPI of 3.9% y/y from late-2023 to late-2024 (although that will likely be revised upward following the Q3 data), while the RBNZ is forecasting a peak in the private sector LCI of 5.7% y/y by end-2023.

In its November Statement on Monetary Policy (SoMP), the RBA said:

> Given the importance of avoiding a price–wage spiral, the Board will continue to pay close attention to both the price-setting behaviour of firms and the evolution of labour costs.

But ultimately:

> Wage growth expectations generally remain consistent with the inflation target of 2–3%.

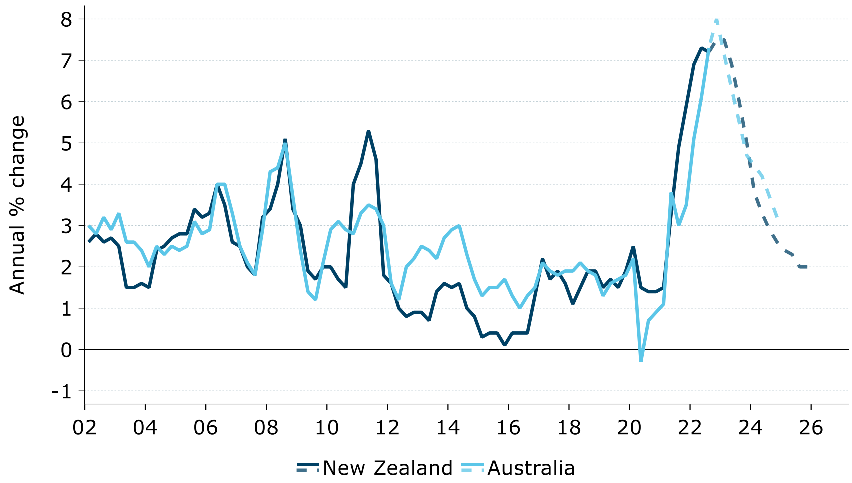
The RBNZ is less sanguine, noting in the November MPS how:

> Inflation has become even more broad-based as businesses have passed on higher wage and general costs into consumer prices.

The two central banks also appear to view the **trade-offs between inflation and growth/unemployment** differently.

The RBA seems more willing than the RBNZ to accept higher inflation for longer. It is forecasting inflation to still be outside the target band of 2–3% by end-2024 (the end of the forecast horizon), while the RBNZ is forecasting inflation back within its 1–3% target band by Q3 2024 (and is doing considerably more work to get there) (Figure 12).

Figure 12. RBA and RBNZ headline CPI forecasts



Source: ABS, Stats NZ, Macrobond, ANZ Research

Relatedly, the RBA appears less willing to risk a hard landing. The Board is "seeking to [return inflation to the target band over time] while keeping the economy on an even keel" and is keen to hang onto the "legacy" of full employment.

The RBNZ, in contrast, views entrenched rampant inflation as the bigger risk, and sees employment above its maximum sustainable level as a policy miss to be corrected. Indeed, as discussed above, the RBNZ now believes a policy-induced recession is required to bring inflation under control. That will, in its view, require an increase in unemployment that almost rivals what we saw during the Global Financial Crisis.

Structural factors

There are also some **structural factors** that are likely influencing the central banks' stances. For example, the midpoint of the RBA's inflation target band (2.5%) is higher than the RBNZ's (2.0%). And the current decision schedule means the RBA's Board meets eleven times a year, versus just seven for the RBNZ Monetary Policy Committee. So the RBA can still deliver 275bp of monetary policy tightening in a year, even if they stick to 25bp moves.

Australian households have a higher share of debt on a floating rate, facilitating faster transmission of monetary policy to the real economy. The floating rate share is admittedly lower than usual at 65% (compared with around 80% pre-pandemic). In New Zealand, just 11.5% of outstanding mortgage borrowing is on a floating rate currently. That means it takes longer for monetary policy decisions to impact Kiwi borrowers, allowing inflation to gain more momentum before the monetary policy brakes start to have an impact.

Australian households are also more indebted than their New Zealand counterparts. At a bit under 100% of GDP, Kiwi household debt is definitely up there. But it's considerably lower than Australia (123% of GDP). All else equal that means the debt-servicing burden will be felt more by Australian households as interest rates rise – and rates won't need to rise as far, all else equal. A 3.85% policy rate in Australia implies debt-servicing taking up about 11½% of income. Our forecast for a 5.75% OCR in New Zealand implies around 11%.

Finally, the RBA has repeatedly emphasised the rapidly souring outlook for global growth, and how this could flow through to the Australian economy. The RBNZ also notes the risk of a global slowdown hampering growth, but they highlight the global environment remains highly inflationary. They are far more focussed on actual inflation being far too strong, rather than the risk that a global slowdown could cause inflation to fall a bit faster than expected.

Which central bank, if either, will get it right?

Bringing it all together:

- the RBA is not currently dealing with the same inflationary pressures from wage growth that the RBNZ is and does not expect to,
- the RBNZ is more concerned about higher inflation expectations,
- the RBNZ is estimating that at 4.25%, only now has the OCR finally reached contractionary territory, whereas the RBA does not view the neutral rate as a "prescription for what policy should do",
- the RBA places more emphasis on protecting the strong labour market, while the RBNZ is trying to engineer a recession to slow inflation,
- the RBA is more willing to accept a prolonged period of above-target inflation, and, in any event, has a higher mid-point for its target than the RBNZ,
- the RBA has a faster and greater transmission mechanism to household debt-servicing costs than the RBNZ does, and
- the RBA may be more concerned about the economic impact of slowing global growth (although the RBNZ is certainly aware of it).

These are the main reasons why we expect the RBA to lift the cash rate to a peak of only 3.85% versus 5.75% for the RBNZ.

That said, neither central bank's strategy is without risks. Both economies are in a tricky spot. Wage-setting behaviour may have been slow to respond in Australia so far, but a shift is possible. Should we see a more significant acceleration in wage growth and a shift in inflationary expectations – then inflation in Australia could surprise the RBA with its strength and persistence. This could mean the RBA ultimately has to take the cash rate higher, potentially causing damage to the economy that could have been avoided if it had gone harder earlier.

Conversely, the RBNZ is now explicitly trying to cause a recession in New Zealand to bring inflation down. Inflation is too strong, and significant monetary tightening is needed to restore price stability. But given the long and variable lags in monetary policy, we won't know whether the RBNZ has got the balance right for some time (and we'll never know the counterfactual). Certainly, with its single-minded focus on inflation and wage outcomes, the RBNZ is 'driving while looking in the rear-vision mirror' and risks missing the turn. However, the RBNZ has been clear that as far as it's concerned, the risk of doing too little to combat inflation outweighs the risk of doing too much, so we expect it to give inflation no quarter until it is convinced that core inflation pressures are moderating.

Appendix

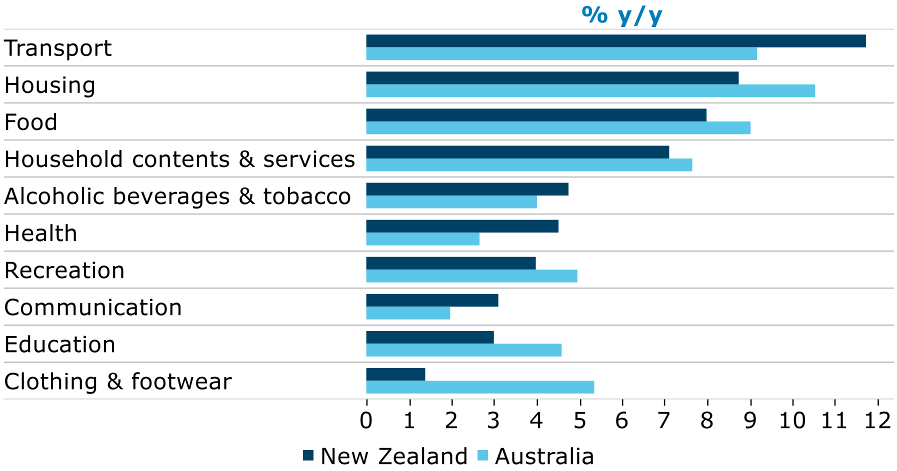
Inflation by category

The transport, housing and food expenditure groups have recorded the highest annual inflation in both countries (Figure 13). Together, these categories account for more than 60% of New Zealand's CPI basket and more than 50% of Australia's. Health inflation has been higher in New Zealand, while education and clothing & footwear inflation have been higher in Australia.

In New Zealand, strength in the October Food Price Index highlighted that this group will likely continue to put upward pressure on CPI inflation in coming months. And while we think inflation has peaked in New Zealand, domestic inflation is unlikely to ease until the contractionary impacts of monetary policy flow through to domestic demand and inflation over 2023 (and there is upside risk in the near term).

In Australia, rent and utilities inflation are likely to keep accelerating, putting upward pressure on services inflation, while food inflation is also expected to strengthen in the near term because of recent flooding.

Figure 13. Annual CPI inflation by category



Source: ABS, Stats NZ, Macrobond, ANZ Research

Energy

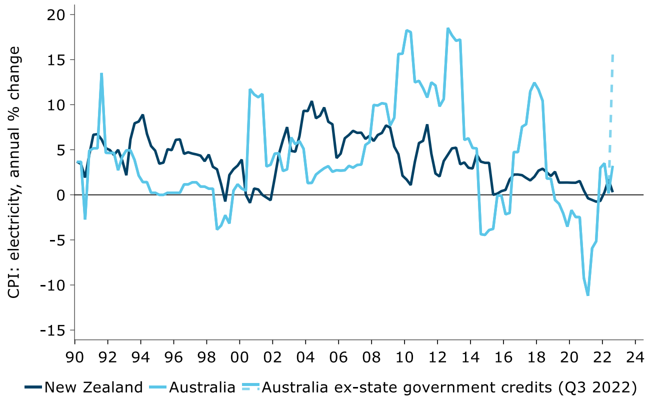
Energy price inflation is a much bigger problem for Australia than it is for New Zealand. In Australia, household electricity bills would have risen 15.6% q/q (and 15.6% y/y as well) in Q3 without credits from the WA, Queensland and ACT governments (Figure 14), and gas prices rose 16.6% y/y (Figure 15). But in New Zealand, electricity prices in particular are quite muted, up just 0.3% y/y in Q3. That's not too surprising, given that 82.1% of New Zealand's electricity generation in 2021 came from renewables (mostly hydro and geothermal), insulating electricity prices from the global surge in gas prices. New Zealand also has no ability to export natural gas, insulating domestic gas prices from global trends.

The Australian Treasury has forecast electricity prices to rise 56% and gas prices to lift 44% over the two years to mid-2024. There are also second-round effects on the CPI as businesses pass on higher energy costs to consumers.

It's possible the RBA will look through this inflation driver, given it is largely due to supply side issues, so monetary policy has little cooling effect. The RBA even appears to hope that it will help "to drive a moderation in consumption that brings demand more in line with supply," a case of high inflation 'solving' high inflation.

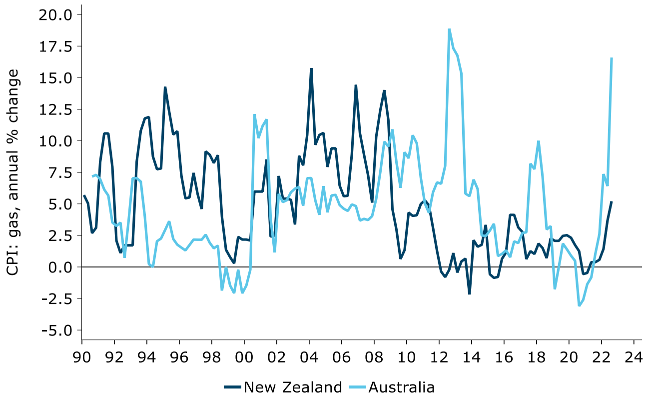
New Zealand’s experience begs to differ though. The lesson has been that in the context of a super-tight labour market, high inflation begets high inflation by fuelling wage-price spiral dynamics. In a high inflation expectations environment, it’s much easier for a ‘transitory’ shock like energy price spikes to become ‘permanent’ as it feeds into ever-increasing inflation.

Figure 14. Electricity prices



Source: Stats NZ, ABS, Macrobond, ANZ Research

Figure 15. Gas prices



Source: Stats NZ, ABS, Macrobond, ANZ Research

Wage decisions

In Australia, we expect the recent decision to increase minimum wages for direct care workers and nurses in aged care by 15% will not substantially flow on to awards or agreements in other sectors in the near term, although it could open the door to more focus on wages in female-dominated low-paid care sectors over the longer term. The decision came from a specific work value case by the Fair Work Commission with the federal government in support of the need to materially lift wages for these workers.

In contrast, the recent 12% increase (plus 7% next year) for roughly half of supermarket workers in New Zealand, is a settlement that has the potential to become the new benchmark across the retail (and general lower-skilled labour) sector.

Average hourly earnings

Australia’s non-farm average earnings per hour rose to 5.0% y/y in Q2, almost double WPI growth of 2.6% y/y over the same period. This has been driven by a sharp rise in workers switching to higher-paying occupations, along with promotions and workers taking higher paying roles with other employers. Higher average hourly earnings growth has an indirect effect on inflation via higher demand all else equal, but the WPI has a more direct effect.

Australia’s average hourly earnings growth is still trailing well behind New Zealand’s, with earnings rising 7.4% in the year to September 2022. And the wage gains are even stronger in the private sector, with average hourly earnings up a whopping 8.6% y/y. More Kiwi workers are now clawing back real purchasing power from the inflation gremlin.

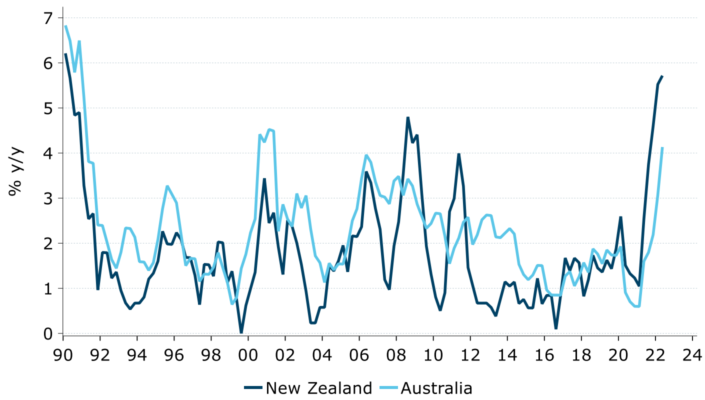
Other measures of inflation

The current variance in wage growth dynamics may also help explain the difference between New Zealand and Australia's **household final consumption expenditure (HFCE) implicit price deflators (IPDs)**, which were running at 5.7% y/y and 4.1% y/y respectively in Q2 (Figure 16).

HFCE IPDs have a different composition from the CPI (which explains some of the gap between them and CPI for both countries). But they also reflect changes in the composition of spending immediately, whereas the CPI basket evolves relatively slowly. Surging inflation is prompting households to change the goods and services that they buy, particularly by switching to cheaper options (especially in Australia, where wage growth is lagging inflation).

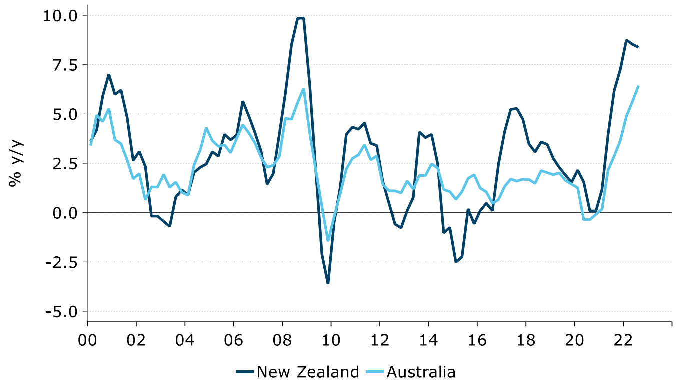
New Zealand's producer price index (PPI) (8.4% y/y in Q3) also outpaces Australia's (6.4% y/y) by a decent margin. New Zealand's annual PPI inflation has comfortably exceeded Australia's since early 2021 (Figure 17). While the data in New Zealand is considerably more volatile, this suggests New Zealand producers have faced heightened inflationary pressures relative to Australia, which have been passed on to consumers. In the most recent data, however, quarterly producer price inflation in Australia did nudge higher than New Zealand's.

Figure 16. Household consumption IPD



Source: ABS, Stats NZ, Macrobond, ANZ Research

Figure 17. Producer Price Index



Source: Stats NZ, ABS, Macrobond, ANZ Research

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