

# RBNZ MPS starting-point surprise chart pack

20 May 2025

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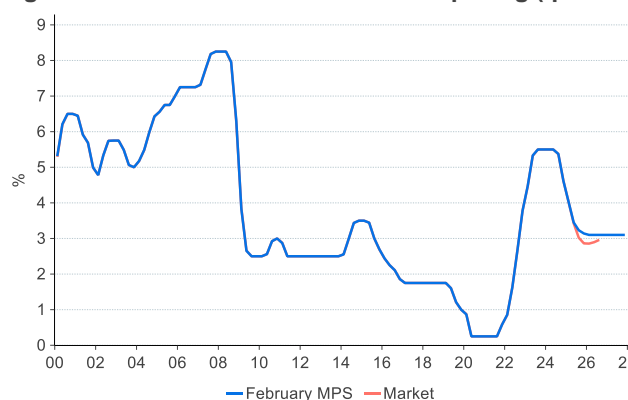


## Judgement could trump the starting point surprises

### Key points:

- Data since the February MPS has once again been a mixed bag compared to the RBNZ's forecast.
- GDP growth surprised to the upside in Q4, but private consumption and residential investment were both weaker than forecast. Stronger-than-expected imports are a sign of robust domestic demand (even if some of that was inventory building). Meanwhile, house prices have come in softer than forecast.
- The unemployment rate came in slightly below forecast in Q1 owing largely to slower growth in the supply of labour as opposed to stronger-than-expected labour demand (after accounting for data revisions). A lower unemployment rate didn't prevent wage growth from surprising to the downside.
- Headline CPI was stronger than forecast in Q1 as both tradeable and non-tradable inflation surprised to the upside. Non-tradable inflation got a surprise bump in Q1 from a 22.6% q/q rise in tertiary education after Stats NZ reviewed eligibility for the period (something the RBNZ might choose to look through).
- The terms of trade has come in a bit stronger, but the starting point for the TWI (using daily data) is also higher.
- All up, there are a few mixed signals in the starting point going into the May MPS (and a touch of policy-related noise in the CPI data to look through). On balance, the data don't appear to present too much challenge to the near-term view the RBNZ held back in February. The global trade and confidence shock that's occurred since April (owing to US trade policy) could have a more meaningful impact on the RBNZ's outlook than the starting point, but it's hard to gauge how much the RBNZ may build in on that score, versus a "wait and see" approach.
- Market pricing is consistent with another 25bp cut next week and a lower terminal than the February MPS implied.

Figure 1. RBNZ OCR forecast vs market pricing (quarter average)



Source: RBNZ, ICAP, Bloomberg, Macrobond, ANZ Research

This chart pack illustrates how key data has evolved relative to the RBNZ's last published forecasts. Nuance matters and it can never be a full picture of what's changed. Sometimes starting point surprises matter hugely; sometimes they are very much overshadowed by other developments (including unforecastable changes in RBNZ modelling assumptions). This document does not discuss our take on the data, nor how we think the RBNZ's thinking may have evolved. For that, you'll need to wait for our Preview, which will be out on Wednesday.

# GDP

Figure 1. Production GDP (q/q)

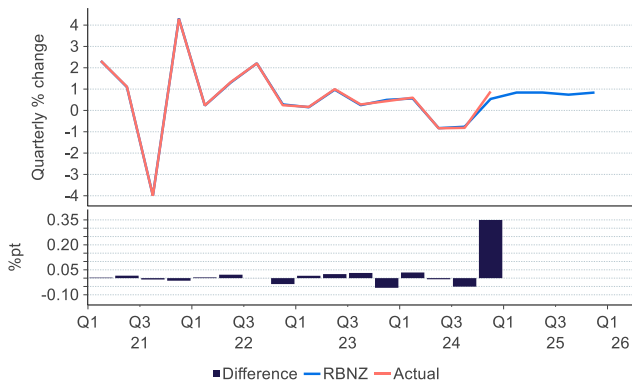


Figure 2. Production GDP (level)

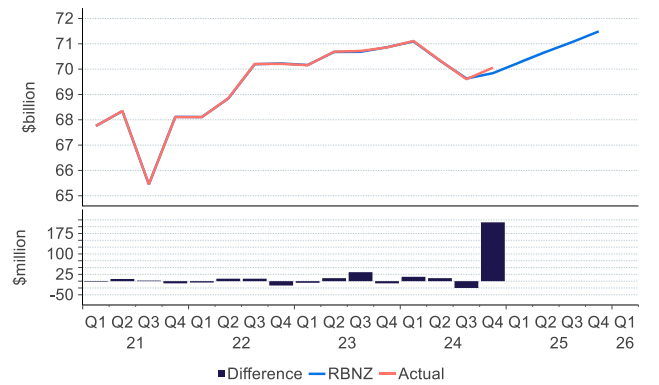


Figure 3. Real expenditure GDP (q/q)

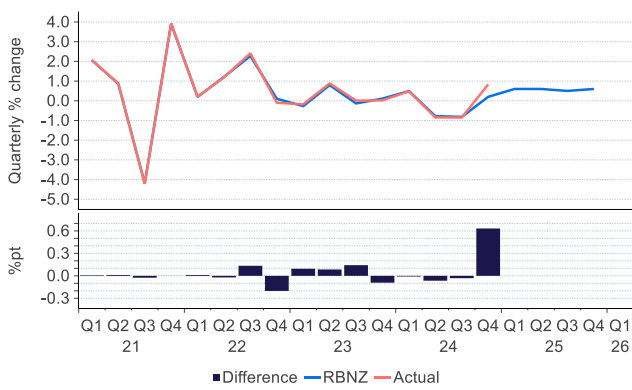


Figure 4. Real expenditure GDP (level)

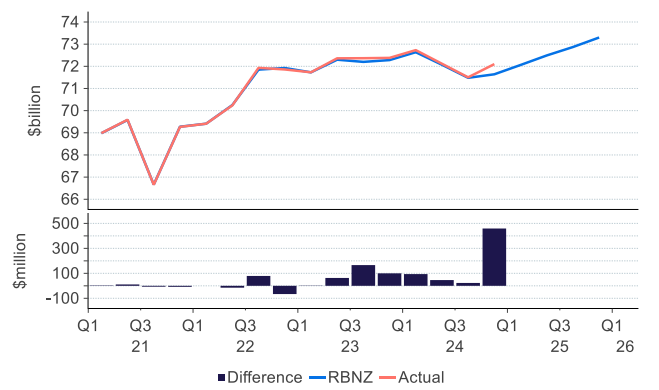


Figure 5. Real private consumption (q/q)

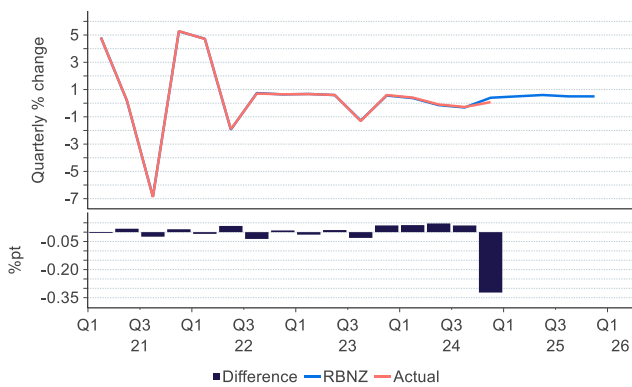


Figure 6. Real private consumption (level)

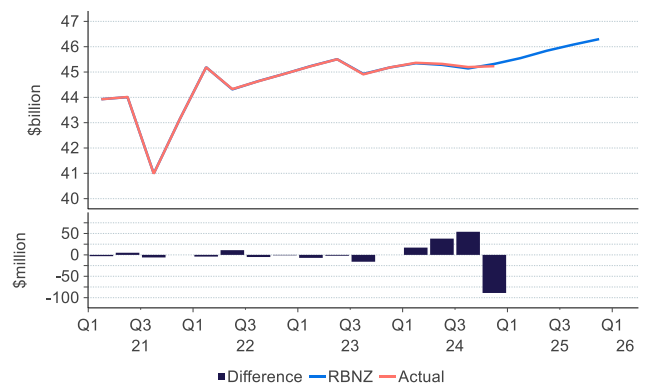


Figure 7. Real residential investment (q/q)

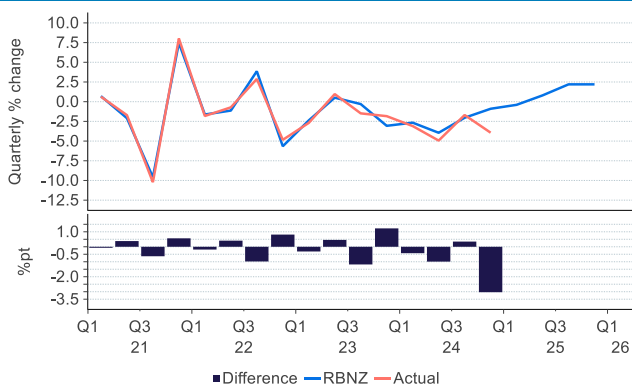
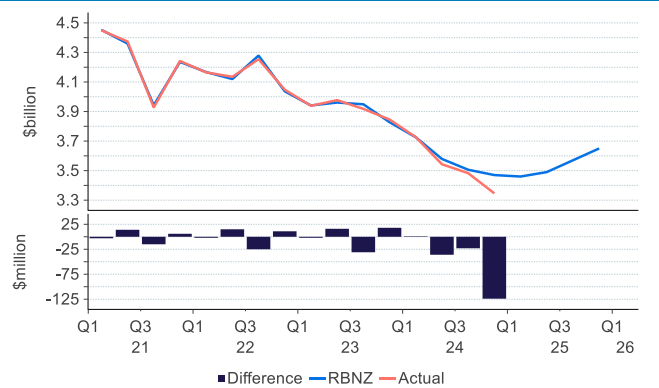


Figure 8. Real residential investment (level)



Source: Stats NZ, RBNZ, Macrobond, ANZ Research

# GDP

Figure 9. Real total exports (q/q)

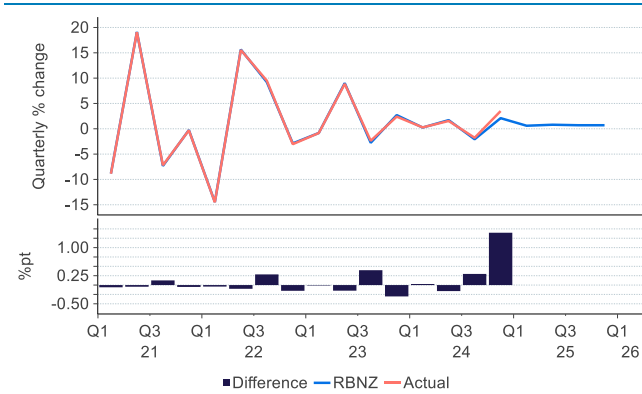


Figure 10. Real total exports (level)

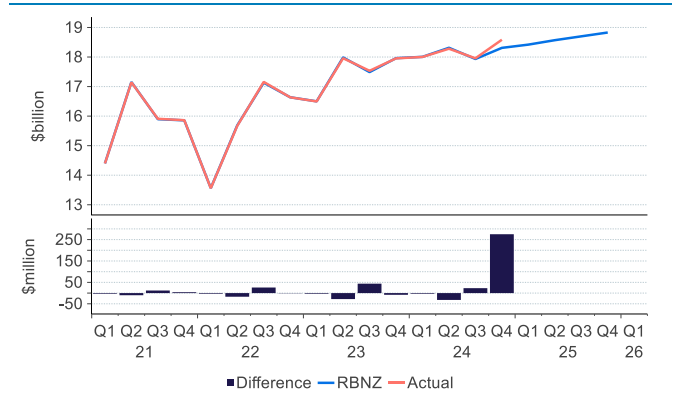


Figure 11. Real total imports (q/q)

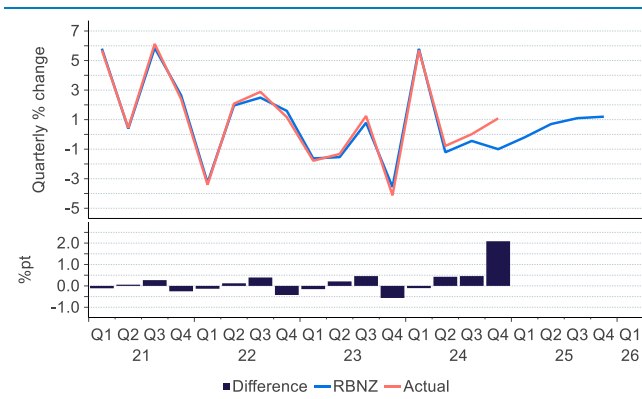


Figure 12. Real total imports (level)

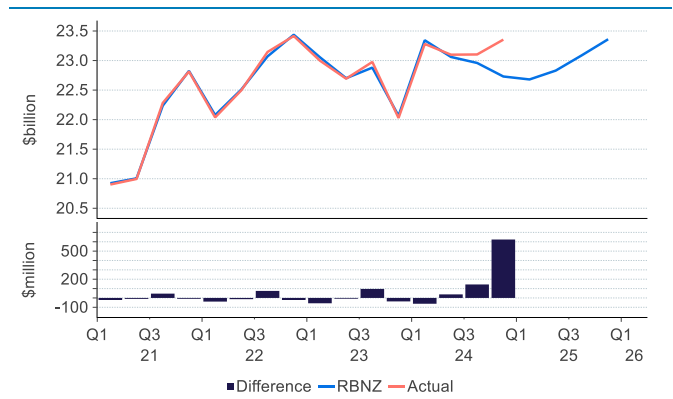


Figure 13. Changes in inventories (level)

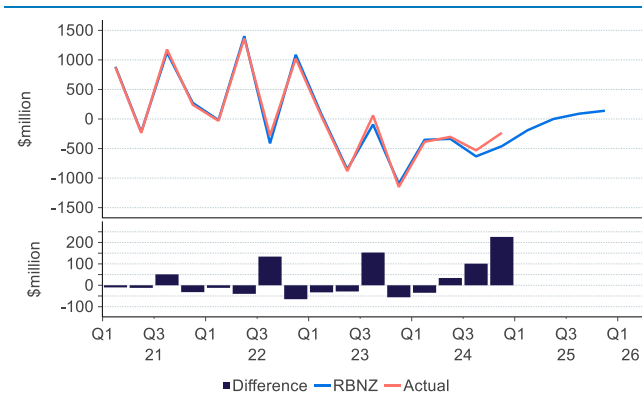
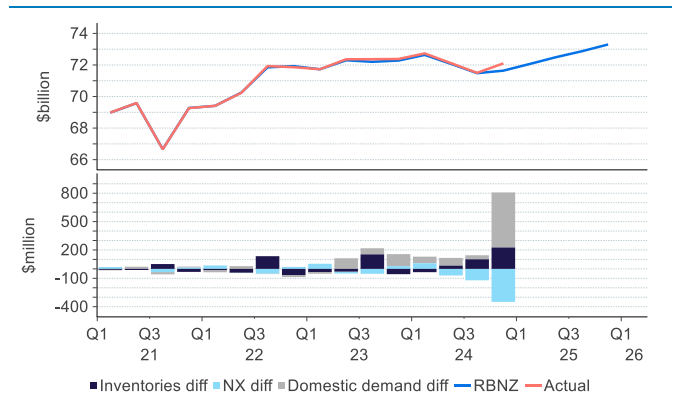


Figure 14. GDP high level breakdown



# CPI

Figure 15. Headline CPI inflation (q/q)

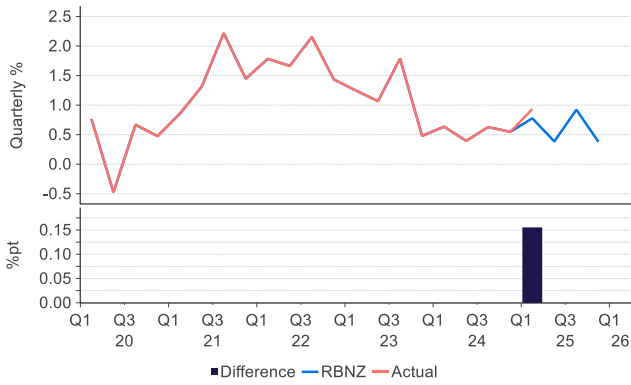


Figure 16. Headline CPI inflation (y/y)

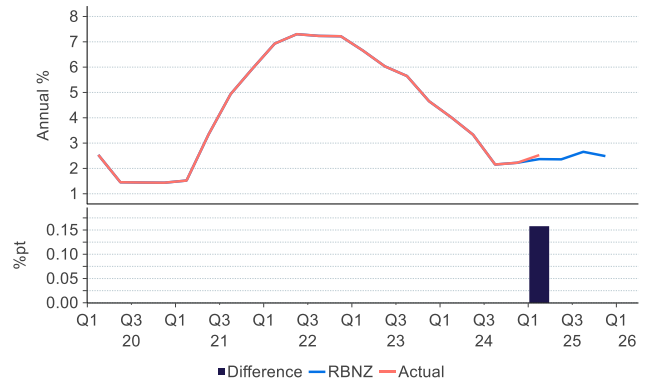


Figure 17. Tradables CPI inflation (q/q)

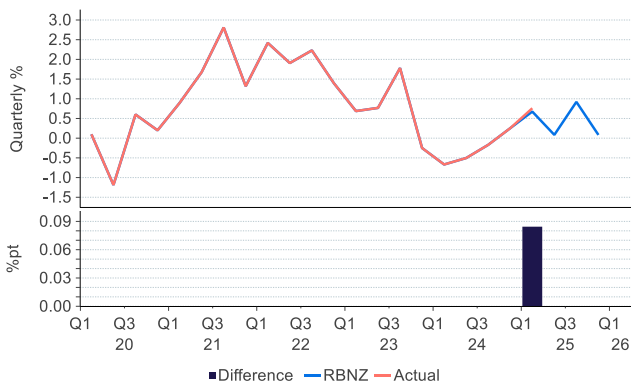


Figure 18. Tradables CPI inflation (y/y)

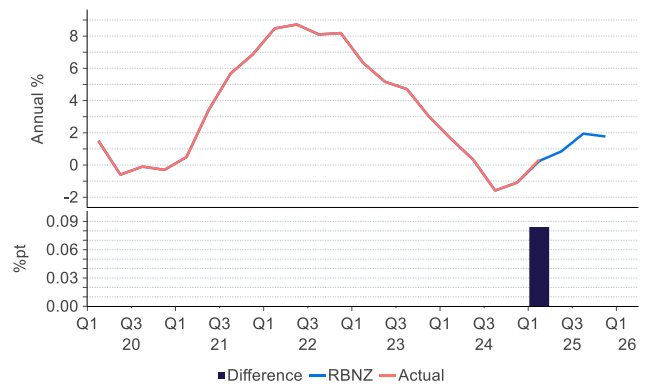


Figure 19. Non-tradables CPI inflation (q/q)

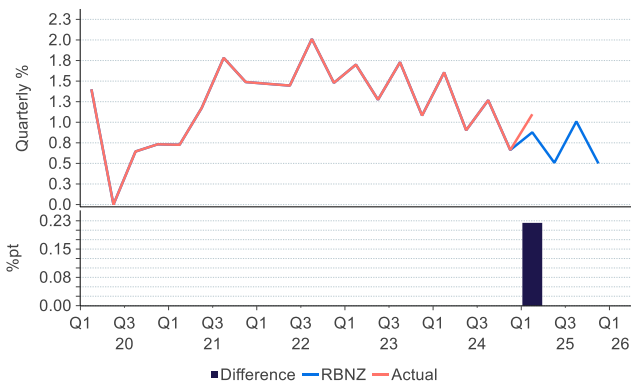
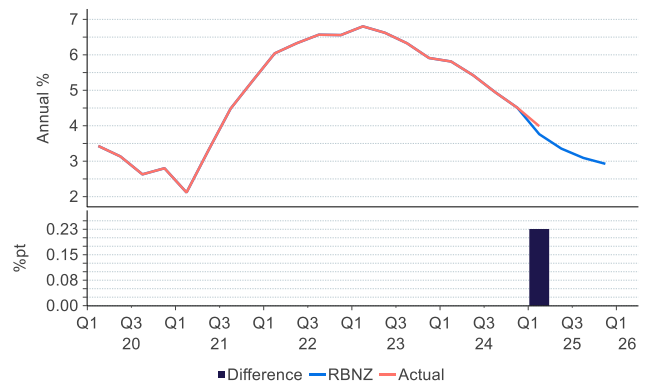


Figure 20. Non-tradables CPI inflation (y/y)



Source: Stats NZ, RBNZ, Macrobond, ANZ Research

# Labour market

Figure 21. Unemployment rate

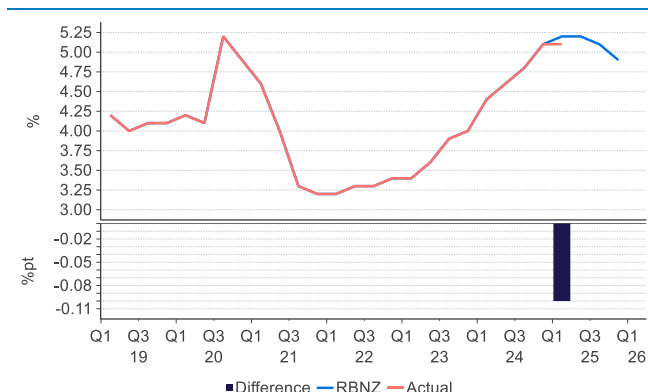


Figure 22. Participation rate

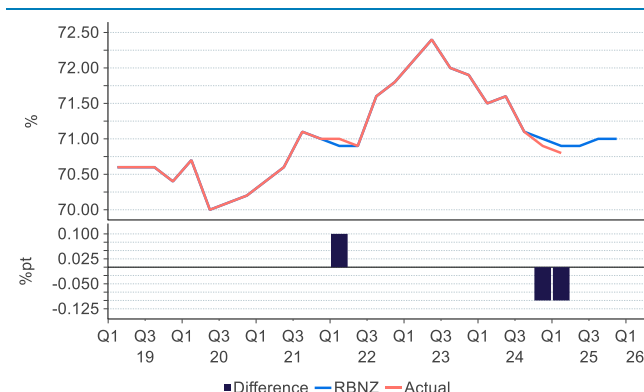


Figure 23. Employment (q/q)

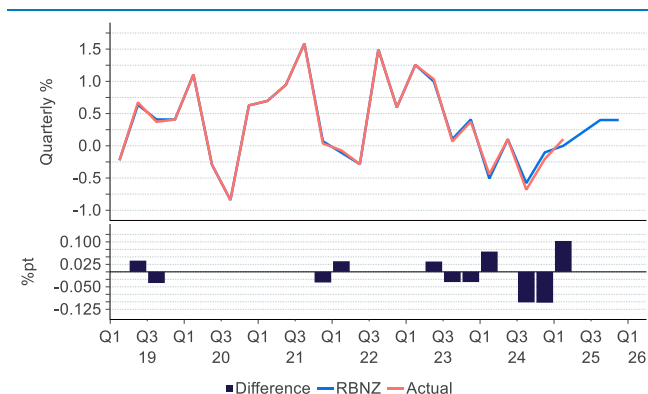


Figure 24. Employment (y/y)

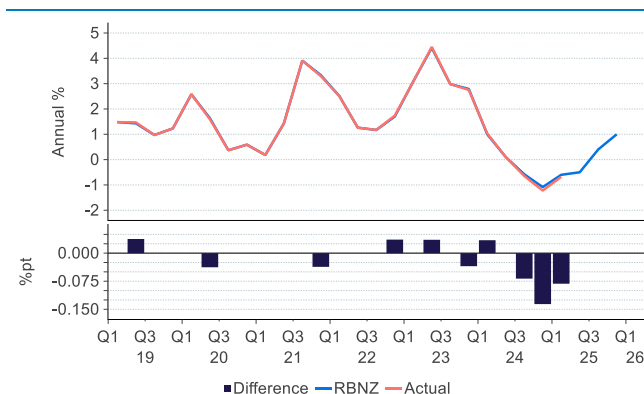


Figure 25. Labour force (level)

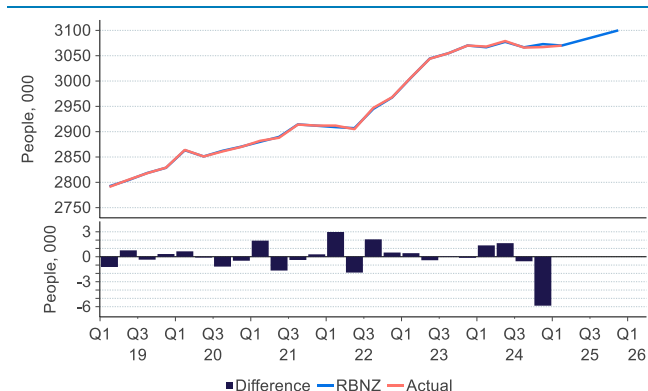


Figure 26. Working age population (level)

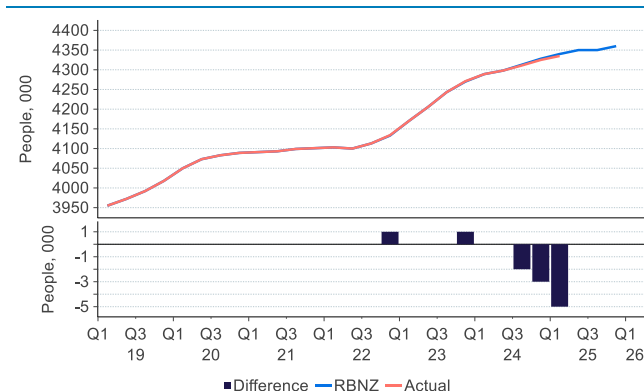


Figure 27. Employment rate

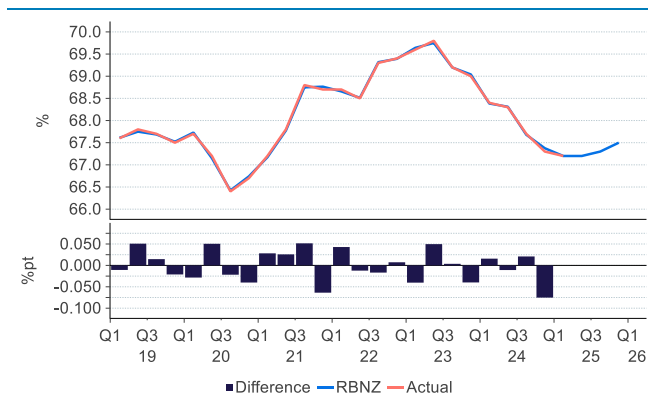
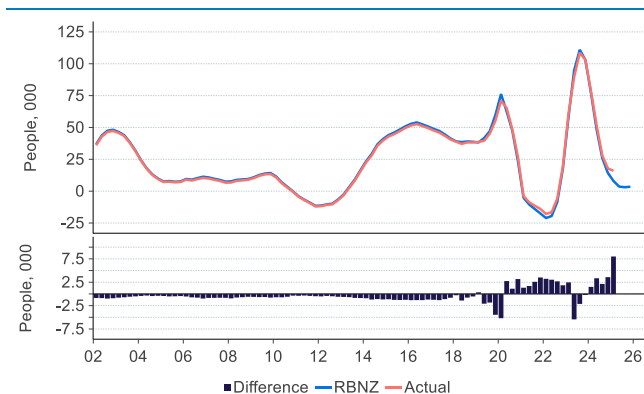


Figure 28. Annual net migration (working age)



Source: Stats NZ, RBNZ, Macrobond, ANZ Research

# Labour market

Figure 29. Labour cost index (q/q)

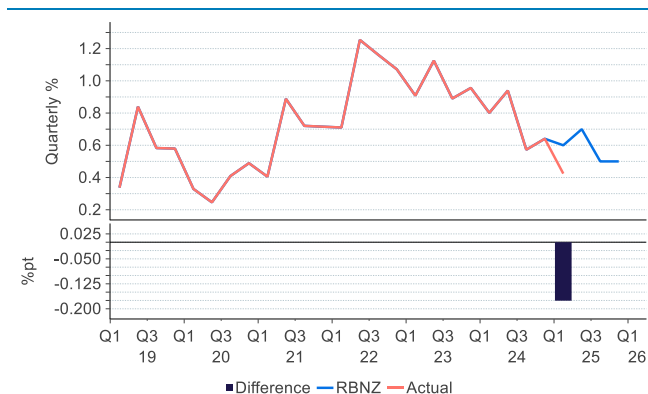


Figure 30. Labour cost index (y/y)

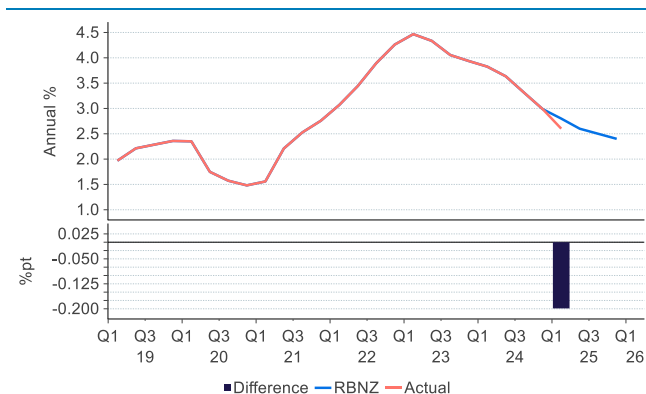


Figure 31. Average hourly earnings (q/q)

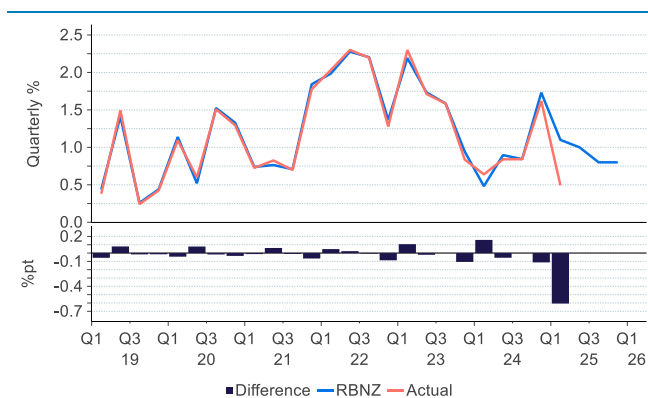
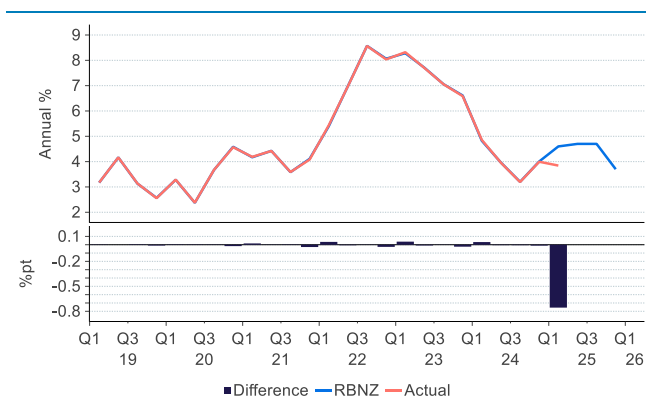


Figure 32. Average hourly earnings (y/y)



Source: Stats NZ, RBNZ, Macrobond, ANZ Research

# External sector and housing

Figure 33. TWI (level, quarter average)

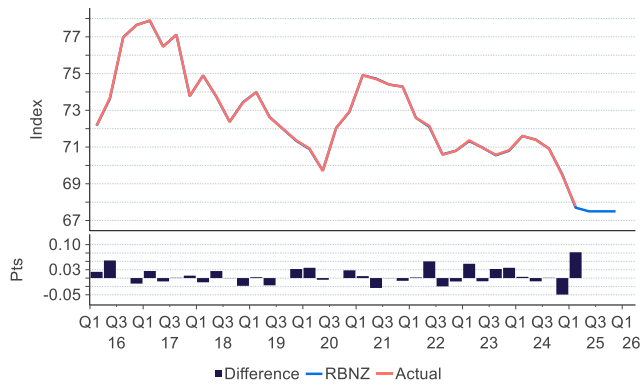


Figure 34. TWI (quarter average vs daily actuals)

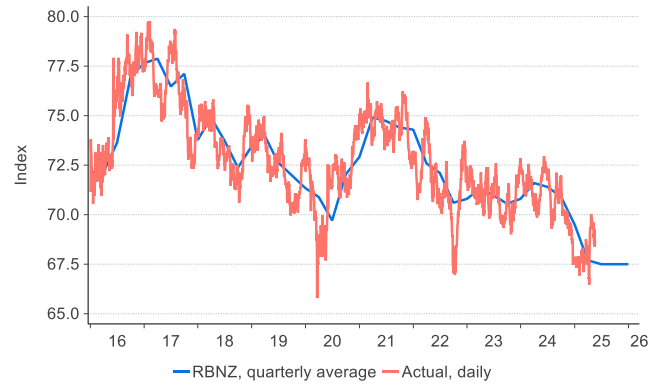


Figure 37. Export prices (level, SNA basis, world price)

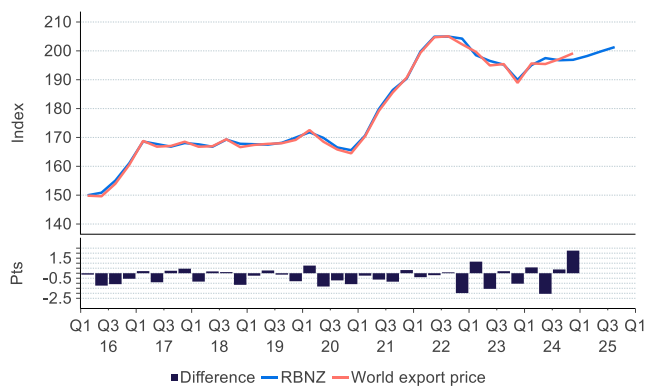


Figure 38. Import prices (level, SNA basis, world price)

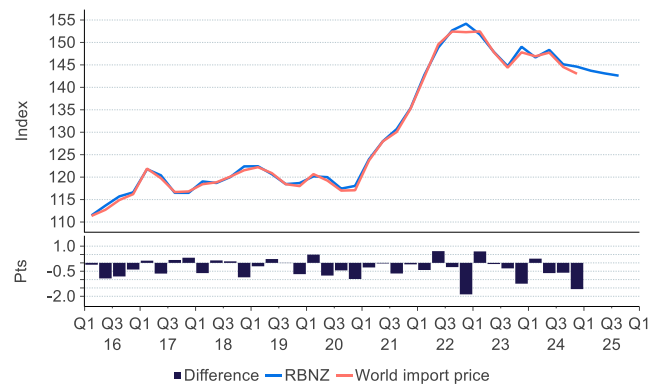


Figure 39. Terms of trade (level, SNA basis, world price)

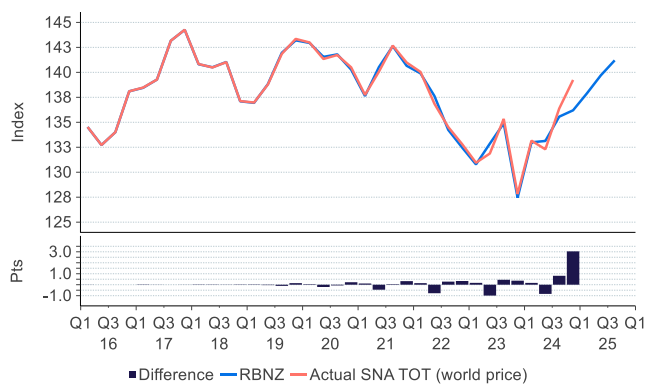


Figure 40. Dubai oil price

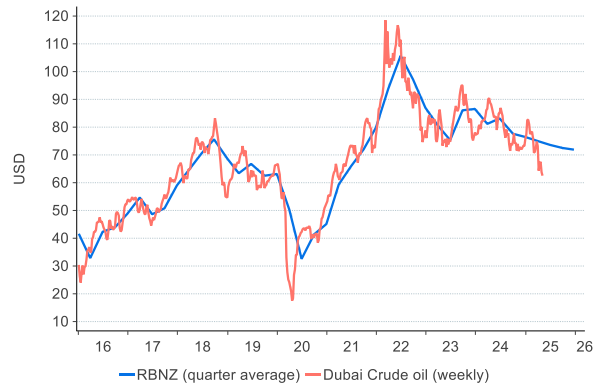


Figure 40. House price index (level)

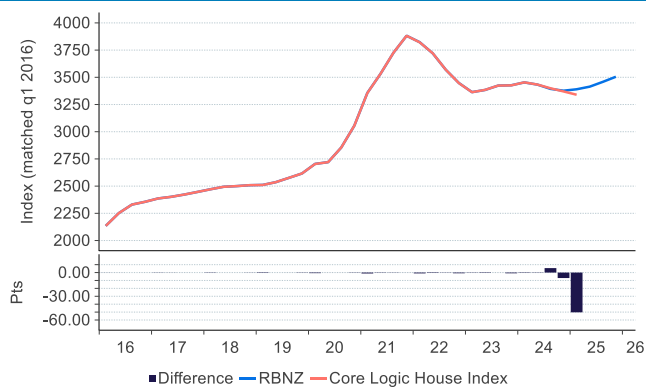
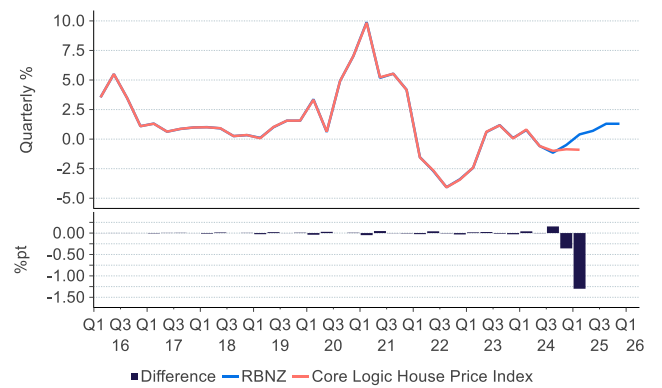


Figure 41. House price index (q/q)



Source: Stats NZ, RBNZ, MBIE, CoreLogic NZ, Macrobond, ANZ Research

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