

NEW ZEALAND MARKET FOCUS

9 October 2017

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THE WAITING GAME

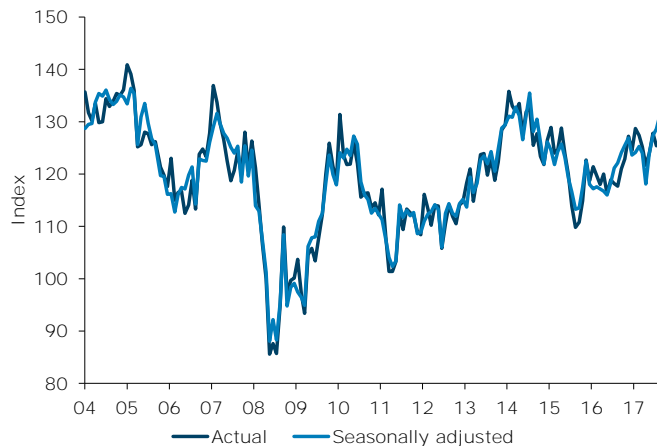
ECONOMIC OVERVIEW

With the final election results in, coalition discussions now get serious. Markets still look to be pricing in a roughly 'status-quo' outcome. Alternatives arguably would bring more policy uncertainty. However, much will depend on the policy concessions required to get a deal over the line. There is nothing bad about change *per se*. The key is how well it is communicated, as prolonged uncertainty can cause activity to stall. Politics aside, we continue to closely monitor spill-overs from the slowing housing market, the credit cycle, and terms of trade developments. Overall, we're a little cautious on the near-term outlook. This week, food price data and our Monthly Inflation Gauge will allow us to firm up our views on Q3 CPI. ECT and consumer confidence figures will help gauge whether housing softness is broadening.

CHART OF THE WEEK

The October ANZ-Roy Morgan Consumer Confidence gauge is out this week and the focus will clearly be on whether consumers continue to brush off housing softness and political uncertainty. Sentiment hit a three-year high in September.

ANZ-Roy Morgan Consumer Confidence



Source: Roy Morgan, ANZ Research

THE ANZ HEATMAP

Variable	View	Comment	Risk profile (change to view)
GDP	2.8% y/y for 2018 Q2	The economy is not quite firing on all cylinders as it deals with late-cycle headwinds. However, we see growth holding around 2½-3%.	Neutral Negative Positive
Unemployment rate	4.5% for 2018 Q2	The unemployment rate should continue to trend gradually lower. Wage growth is benign, but conditions for change are emerging.	Neutral Negative Positive
OCR	1.75% by Jun 2018	While we can't really make the case for a lower OCR, interest rate hikes would also be hard to justify, with inflation impacted by secular forces.	Neutral Down Up
CPI	1.4% y/y for 2018 Q2	Oil price weakness will weigh on headline inflation, but domestic and core inflation should lift gradually.	Neutral Negative Positive

ECONOMIC OVERVIEW

SUMMARY

With the final election results in, coalition discussions now get serious. Markets still look to be pricing in a roughly 'status-quo' outcome. Alternatives arguably would bring more policy uncertainty. However, much will depend on the policy concessions required to get a deal over the line. There is nothing bad about change *per se*. The key is how well it is communicated, as prolonged uncertainty can cause activity to stall. Politics aside, we continue to closely monitor spill-overs from the slowing housing market, the credit cycle, and terms of trade developments. Overall, we're a little cautious on the near-term outlook. This week, food price data and our Monthly Inflation Gauge will allow us to firm up our views on Q3 CPI. ECT and consumer confidence figures will help gauge whether housing softness is broadening.

FORTHCOMING EVENTS

REINZ Housing Market Statistics – September (sometime this week). The market has been cooling anyway, but uncertainty around the election no doubt kept things quieter than otherwise. We wouldn't be surprised to see a low number of sales.

Electronic Card Transactions – September (10:45am, Tuesday, 10 October). Spending was surprisingly weak in August, and while we are mindful of housing headwinds, we expect a better result.

ANZ Monthly Inflation Gauge – September (1:00pm, Tuesday, 10 October).

ANZ Truckometer – September (10:00am, Wednesday, 11 October).

Food Price Index – September (10:45am, Thursday, 12 October). Export commodity price strength suggests an upward skew to the outlook for retail food prices.

ANZ-Roy Morgan Consumer Confidence – October (1:00pm, Thursday, 12 October).

BNZ-BusinessNZ PMI – September (10:30am, Friday, 13 October). Sentiment has been bouncing around a reasonable level. However, the risk is that election uncertainty weighs.

BNZ-BusinessNZ PSI – September (10:30am, Monday, 16 October). It's the same story as its PMI cousin, described above.

WHAT'S THE VIEW?

After somewhat of a lull, the spotlight goes squarely back onto politics this week. The Electoral Commission has now released the final election results, meaning the real nitty-gritty of coalition negotiations can now begin. October 12 is

the day proposed for an announcement, although we wouldn't treat that as set in stone. It could be earlier or later, and so markets would be wise to be on heightened alert for any potential announcements from now on in.

Clearly there are a few different scenarios that could play out, and political analysts will no doubt continue to have a field day speculating on the various possibilities. Markets will be nervous until clarity emerges.

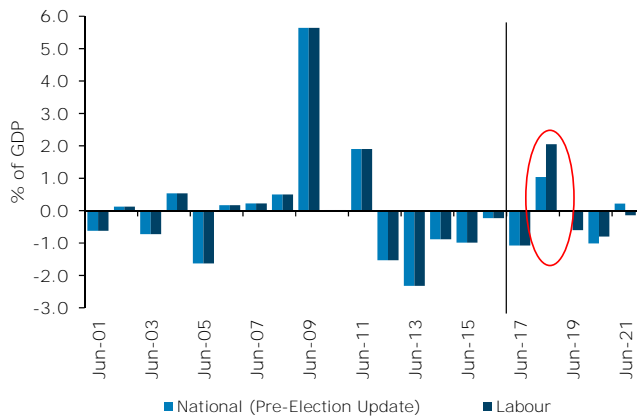
We don't see much benefit to speculating here on what is likely to transpire. But we will contribute a few broader thoughts.

- **At this stage, we feel markets are still more priced for a National/NZ First arrangement** – that is, something resembling a status quo outcome. Even so, we'd expect to see a mild rally in the NZD if such an announcement were confirmed. The reaction to a 'change' announcement is likely to be more negative, at least in the first instance. More than anything, that is really just due to the 'surprise' element, but also the fact it would be something unfamiliar after nine years of something broadly consistent.
- **The housing market is likely to be a flash-point.** Housing market sentiment has clearly weakened a lot. We suspect some of that is election-related, but that a lot of it is more fundamental. While there is the possibility of a bit of pent-up demand returning if a National-led coalition were to be confirmed, we doubt it would dramatically alter the trajectory from here. Conversely, weaker enthusiasm for housing could persist longer under a change in government given the more interventionist policies Labour has proposed (bright line test extension, non-resident purchasing restrictions, tax ring-fencing etc).
- **But policy concessions are going to be key in determining the ultimate economic impacts.** We can have a view on possible impacts, but without knowing what the policies are going to be, it is all just speculation. Potential hot points of discussion at the negotiating table look to be migration, foreign investment, superannuation, regional development, the RBNZ's mandate and structure, and even tax (especially GST but also corporate tax). Concessions could have some influence on not only the size of what is looking like a large positive fiscal impulse over 2018/19, but also on the economy's supply-side capacity. At this stage we are assuming pragmatism will prevail and the policy platform will remain broadly 'centralist'.

ECONOMIC OVERVIEW

- **While the exact magnitude is still up in the air, we retain the view that fiscal policy is set to be more growth supportive over the next couple of years than it has been.** As mentioned, much will depend on policy concessions, but even so, the fiscal impulse under all outcomes looks set to turn quite positive.

Figure 1: Change in core Crown residual cash balance



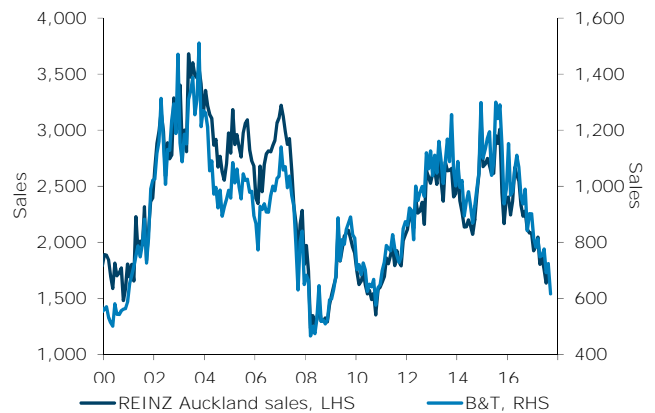
Source: Treasury, Labour Party, ANZ Research

- **Change can certainly be unsettling, but it is not necessarily 'bad', particularly if communicated well.** At this stage, we'd be inclined to fade any initial knee-jerk market reactions. We shouldn't under-estimate the economy's ability to navigate a period of uncertainty – just look at how the US and UK economies have performed of late, and arguably their political change is far more dramatic than anything that looks likely here. But we will still be watching business sentiment gauges closely.
- **That said, there are plausible outcomes where policy uncertainty could linger for an extended period.** There is a non-trivial possibility of some form of minority government, with NZ First sitting on the cross-benches. This would mean that policy ends up being a slow grind on an issue-by-issue basis. That could create more uncertainty over the policy direction than a clearer 'left' or 'right' result.

Politics aside, there are a number of other factors we are watching closely as the economy enters what we believe is a transition phase.

- **The housing market.** It has clearly weakened: the latest Barfoot & Thompson Auckland figures showed a 15% m/m (sa) drop in sales volumes in September to the lowest level since 2010. No doubt election uncertainty is weighing, but so are other things, and our expectation is that this weakness will be a feature in the broader REINZ figures too (likely out this week).

Figure 2: REINZ vs Barfoot & Thompson Auckland house sales



Source: REINZ, Barfoot & Thompson, ANZ Research

- **Broader housing market spill-overs.** Right now they look contained; consumers are upbeat and spending growth is reasonable (although this week's consumer confidence and ECT figures are timely in that regard). However, with our Job Ads series showing Auckland advertising falling for five consecutive months, there are perhaps a few rumblings that need to be watched closely.
- **The credit channel.** We have little doubt that banks' response to funding gap pressures (restraining credit and competing more aggressively for deposits) has been a headwind for broader activity growth. However, as we've highlighted over recent months, that 'gap' has effectively closed when looking at the quarterly change measures. At the margin this points to a little more wriggle room for banks in the lending space, and perhaps we are now seeing that, with mortgage rates starting to ease a little. That could eventually lend the housing market (and the economy more generally) some support, although a substantial shift in credit conditions seems unlikely.

Figure 3: Bank household lending and deposit growth



Source: RBNZ, ANZ Research

ECONOMIC OVERVIEW

- Terms of trade prospects.** One of our key views is that terms of trade strength will help support the economy at a time when other factors have peaked (or are peaking). The terms of trade is up 12% over the past year, and based on our ball-park estimates, could potentially add 2%pts to future GDP growth. However, the latest dairy auction, where prices unexpectedly fell, does raise some risks around the magnitude of that support. Now much will hinge on how New Zealand milk production goes over the coming months, but the risks around a \$6.75/kg MS for this season are looking skewed to the downside.

It all leaves us with a modicum of cautiousness with regards to the near-term growth outlook.

We think that fundamentally the economy is still in a solid position, and GDP growth of 2½-3% is realistic over the next couple of years. However, there are a few more question marks over next six months or so, with the risk profile modestly negatively skewed.

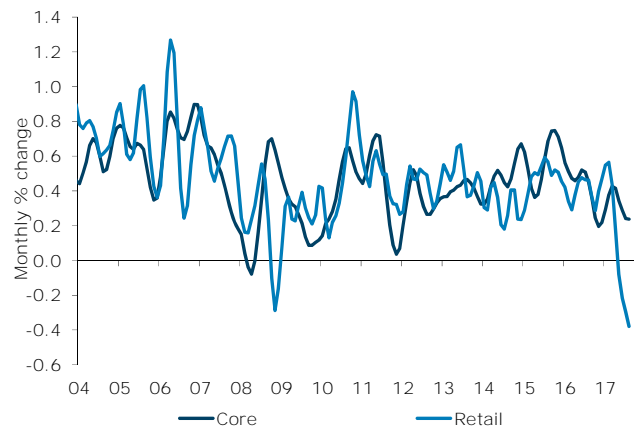
Encouragingly, though, the economy's automatic stabilisers are working.

Mortgage rates have eased, and the NZD is under pressure as the gloss dulls on New Zealand's economic picture relative to others. This NZD reaction is exactly what you'd hope to see at a time when growth looks a little cooler, and will help to stabilise downside risks.

Turning to this week's data, Electronic Card Transactions figures for September are expected to rebound after a string of falls.

Retail spending was surprisingly weak in August, falling 0.2% m/m (sa), which was in fact the fourth consecutive drop. And unlike in the prior three months, August's fall could not be blamed on lower petrol prices, which we estimate bounced over the month. At face value, it certainly provided a bit of a warning about the possibility of housing market weakness starting to broaden through other parts of the economy. We remain watchful of that risk. However, with spending on services and other non-retail industries growing 1.2% m/m in the month, to be up 6.6% y/y, there are other signs that suggest the consumer is far from capitulating just yet. Overall our view remains that the likes of the solid labour market will keep consumer spending growing at a reasonable pace.

Figure 4: ECT retail spending – monthly trend

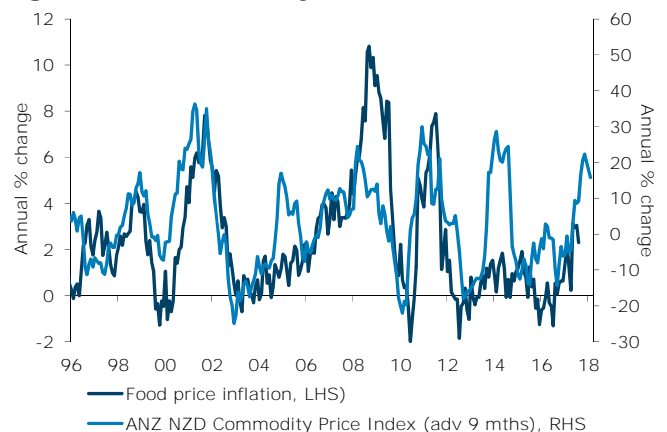


Source: Statistics NZ, ANZ Research

September food prices and our own Monthly Inflation Gauge will allow us to firm up our views on Q3 CPI – due next week. While our current forecast is 0.2% q/q (1.7% y/y), the risks are skewed towards a stronger outcome, in large part due to earlier food price gains and the recent lift in petrol prices.

- Monthly Inflation Gauge:** Prices in the Gauge rose 0.2% m/m in August, with the annual movement unchanged at 2.6% y/y. The Underlying Ex-housing Gauge lifted 0.2% m/m, to be up just 0.9% y/y, reinforcing that there is still a lack of significant price pressure outside of housing. And on housing, it was somewhat of a mixed bag in the month, with rents easing a touch. September data is out tomorrow.
- Food prices:** Prices rose 0.5% m/m in August, led predominantly by higher fruit and vegetable prices, although dairy product prices have also risen strongly of late. Looking at the past five year average, a fall in September is possible (data out Thursday). However, strong export commodity prices suggest some upside risk.

Figure 5: ANZ Commodity Price Index

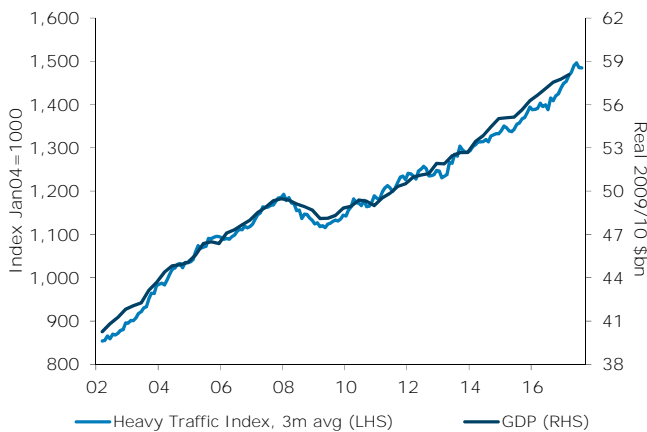


Source: Statistics NZ, ANZ Research

ECONOMIC OVERVIEW

Our Truckometer for September will provide a timely signal on economic momentum. Both the Heavy Traffic and Light Traffic indices have been quite volatile of late, thrown around, we suspect, by adverse weather. After falling 5.5% m/m and 2.2% m/m respectively in July, the Heavy Traffic and Light Traffic indices rebounded 6.2% m/m and 2.6% m/m in August. Looking through the noise, both indices continue to trend higher, and so are therefore continuing to provide a positive signal on economic momentum overall. That said, the pace of ascent in the Heavy Traffic Index has slowed, which is consistent with our increased caution over growth momentum into the end of the year.

Figure 6: GDP and the ANZ Heavy Traffic Index 3-month average



Source: Statistics NZ, NZ Transport Agency, ANZ Research

Consumer confidence has been strong of late despite housing headwinds, which isn't historically typical. Clearly the focus with our ANZ-Roy Morgan measure for October will be whether that has remained the case. In September, headline sentiment rose 4 points to the highest level since July 2014. Households were especially upbeat about their own financial situation, which rose to the highest level since December 2007. That suggests to us that while the weak housing market, especially in Auckland, presents a risk to confidence, things like the solid labour market and decent real income growth are providing an important offset.

Figure 6: ANZ-Roy Morgan Consumer Confidence



Source: Statistics NZ, ANZ Research

Finally, we wouldn't be surprised if BusinessNZ PMI and PSI indicators for September are affected by election-related uncertainty, like other sentiment gauges have been of late. Both the PMI and PSI have been bouncing around at reasonable levels since the start of the year, within a roughly 53-59 range. They have averaged 56.4 and 57.4 for manufacturing and services respectively since January, which is consistent with a decent pace of underlying activity momentum. However, the risks look skewed towards numbers nearer the bottom of recent ranges.

LOCAL DATA

NZIER Quarterly Survey of Business Opinion – Q3. Headline confidence fell from +17 to +7 (sa), while firms' experienced domestic trading conditions eased to a net 13% (from 17%).

GlobalDairyTrade Auction. The GDT-TWI fell 2.4%, with whole milk powder prices falling 2.7%.

ANZ Job Ads – September. Total advertising rose 0.4% m/m, with annual growth easing to 9% (3-month average).

ANZ Commodity Price Index – September. World prices rose 0.8% m/m, while NZD prices lifted 1.7% m/m.

Government Financial Statements – FY17. An OBEGAL surplus of \$4.1bn was recorded, \$0.4bn better than PREFU forecasts.

DATA EVENT CALENDAR

DATE	COUNTRY	DATA/EVENT	MKT.	LAST	NZ TIME
9-Oct	CH	Caixin PMI Composite - Sep	--	52.4	14:45
	CH	Caixin PMI Services - Sep	--	52.7	14:45
	AU	Foreign Reserves - Sep	--	A\$76.3B	18:30
	GE	Industrial Production SA MoM - Aug	0.9%	0.0%	19:00
	GE	Industrial Production WDA YoY - Aug	2.9%	4.0%	19:00
	EC	Sentix Investor Confidence - Oct	28.5	28.2	21:30
10-Oct	NZ	Card Spending Retail MoM - Sep	0.7%	-0.2%	10:45
	NZ	Card Spending Total MoM - Sep	--	0.6%	10:45
	AU	ANZ-RM Consumer Confidence Index - 8-Oct	--	113.4	11:30
	JN	BoP Current Account Balance - Aug	¥2223.3B	¥2320.0B	12:50
	JN	BoP Current Account Adjusted - Aug	¥1978.6B	¥2032.9B	12:50
	JN	Trade Balance BoP Basis - Aug	¥264.9B	¥566.6B	12:50
	NZ	ANZ Monthly Inflation Gauge MoM - Sep	--	0.2%	13:00
	AU	NAB Business Conditions - Sep	--	15	13:30
	AU	NAB Business Confidence - Sep	--	5	13:30
	GE	Trade Balance - Aug	€19.5B	€19.4B	19:00
	GE	Current Account Balance - Aug	€17.0B	€19.4B	19:00
	GE	Exports SA MoM - Aug	1.1%	0.2%	19:00
	GE	Imports SA MoM - Aug	0.5%	2.3%	19:00
	UK	Industrial Production MoM - Aug	0.2%	0.2%	21:30
	UK	Industrial Production YoY - Aug	0.9%	0.4%	21:30
	UK	Manufacturing Production MoM - Aug	0.2%	0.5%	21:30
	UK	Manufacturing Production YoY - Aug	1.9%	1.9%	21:30
	UK	Construction Output SA MoM - Aug	0.0%	-0.9%	21:30
	UK	Construction Output SA YoY - Aug	0.2%	-0.4%	21:30
	UK	Visible Trade Balance GBP/Mn - Aug	-£11150	-£11576	21:30
	UK	Trade Balance Non EU GBP/Mn - Aug	-£3600	-£3842	21:30
	UK	Trade Balance - Aug	-£2800	-£2872	21:30
	US	NFIB Small Business Optimism - Sep	105.0	105.3	23:00
	NZ	REINZ House Sales YoY - Sep	--	-20.0%	10-14 Oct
	CH	Money Supply M2 YoY - Sep	9.0%	8.9%	10-18 Oct
	CH	Money Supply M1 YoY - Sep	13.6%	14.0%	10-18 Oct
	CH	Money Supply M0 YoY - Sep	6.6%	6.5%	10-18 Oct
	CH	New Yuan Loans CNY - Sep	1230.0B	1090.0B	10-18 Oct
	CH	Aggregate Financing CNY - Sep	1572.7B	1480.0B	10-18 Oct
	CH	Foreign Direct Investment YoY CNY - Sep	--	9.1%	10-18 Oct
11-Oct	UK	NIESR GDP Estimate - Sep	--	0.4%	01:00
	NZ	ANZ Truckometer Heavy MoM - Sep	--	6.2%	10:00
	AU	Westpac Consumer Conf Index - Oct	--	97.9	12:30
	AU	Westpac Consumer Conf SA MoM - Oct	--	2.5%	12:30
12-Oct	US	MBA Mortgage Applications - 38991	--	-0.4%	00:00
	US	JOLTS Job Openings - Aug	6160	6170	03:00
	US	FOMC Meeting Minutes - 44075	--	--	07:00
	NZ	Food Prices MoM - Sep	--	0.6%	10:45
	UK	RICS House Price Balance - Sep	4%	6%	12:01
	JN	PPI YoY - Sep	3.0%	2.9%	12:50
	JN	PPI MoM - Sep	0.2%	0.0%	12:50
	NZ	ANZ Consumer Confidence Index - Oct	--	129.9	13:00

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DATA EVENT CALENDAR

DATE	COUNTRY	DATA/EVENT	MKT.	LAST	NZ TIME
12-Oct	NZ	ANZ Consumer Confidence MoM - Oct	--	2.90%	13:00
	AU	Consumer Inflation Expectation - Oct	--	3.8%	13:00
	AU	Home Loans MoM - Aug	0.5%	2.9%	13:30
	AU	Investment Lending - Aug	--	-3.9%	13:30
	AU	Owner-Occupier Loan Value MoM - Aug	--	0.9%	13:30
	AU	Credit Card Purchases - Aug	--	A\$25.6B	13:30
	AU	Credit Card Balances - Aug	--	A\$51.3B	13:30
	EC	Industrial Production SA MoM - Aug	0.6%	0.1%	22:00
	EC	Industrial Production WDA YoY - Aug	2.6%	3.2%	22:00
13-Oct	US	PPI Final Demand MoM - Sep	0.4%	0.2%	01:30
	US	PPI Final Demand YoY - Sep	2.6%	2.4%	01:30
	US	PPI Ex Food and Energy MoM - Sep	0.2%	0.1%	01:30
	US	PPI Ex Food and Energy YoY - Sep	2.0%	2.0%	01:30
	US	Initial Jobless Claims - 7-Oct	252k	260k	01:30
	US	Continuing Claims - 30-Sep	--	1938k	01:30
	NZ	BusinessNZ Manufacturing PMI - Sep	--	57.9	10:30
	GE	CPI MoM - Sep F	0.1%	0.1%	19:00
	GE	CPI YoY - Sep F	1.8%	1.8%	19:00
	GE	CPI EU Harmonized MoM - Sep F	0.0%	0.0%	19:00
	GE	CPI EU Harmonized YoY - Sep F	1.8%	1.8%	19:00
	CH	Imports YoY - Sep	15.2%	13.5%	UNSPECIFIED
	CH	Exports YoY - Sep	9.8%	5.6%	UNSPECIFIED
	CH	Trade Balance - Sep	\$38.05B	\$41.92B	UNSPECIFIED
	US	Monthly Budget Statement - Sep	\$0.0B	-\$107.7B	10/21
14-Oct	US	CPI MoM - Sep	0.6%	0.4%	01:30
	US	CPI YoY - Sep	2.3%	1.9%	01:30
	US	CPI Ex Food and Energy MoM - Sep	0.2%	0.2%	01:30
	US	CPI Ex Food and Energy YoY - Sep	1.8%	1.7%	01:30
	US	Retail Sales Advance MoM - Sep	1.6%	-0.2%	01:30
	US	Retail Sales Ex Auto MoM - Sep	0.9%	0.2%	01:30
	US	Retail Sales Ex Auto and Gas - Sep	0.4%	-0.1%	01:30
	US	Retail Sales Control Group - Sep	0.4%	-0.2%	01:30
	US	U. of Mich. Sentiment - Oct P	95.0	95.1	03:00
	US	Business Inventories - Aug	0.6%	0.2%	03:00

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

We believe the underlying pace of economic momentum is solid, without being spectacular. Housing, capacity and credit headwinds exist. Inflation is subdued (and looks set to remain that way for a while), which is consistent with the OCR remaining on hold for some time yet.

DATE	DATA/EVENT	ECONOMIC SIGNAL	COMMENT
10-14 Oct	REINZ Housing Market Statistics – Sep	Soft	The market has been cooling anyway, but uncertainty around the election no doubt kept things quiet.
Tue 10 Oct (10:45am)	Electronic Card Transactions – Sep	Better	Spending was surprisingly weak in August, and while we are mindful of housing headwinds, we expect a better result.
Tue 10 Oct (1:00pm)	ANZ Monthly Inflation Gauge – Sep	--	--
Wed 11 Oct (10:00am)	ANZ Truckometer – Sep	--	--
Thu 12 Oct (10:45am)	Food Price Index – Sep	Bouncing around	Higher export commodity prices suggest an upward skew to the outlook for retail food prices.
Thu 12 Oct (1:00pm)	ANZ-Roy Morgan Consumer Confidence – Oct	--	--
Fri 13 Oct (10:30am)	BNZ-BusinessNZ PMI – Sep	Stable?	We'll see if election uncertainty has any impact, but sentiment is bouncing around at a respectable level.
Mon 16 Oct (10:30am)	BNZ-BusinessNZ PSI – Sep	Holding firm?	As with the PMI, we'll see if any election uncertainty has dented what is a solid level of sentiment.
Tue 17 Oct (10:45am)	CPI – Q3	0.2% q/q, but upside risk	Petrol prices will drag, and there will be a number of other moving parts. But ultimately, core inflation is expected to remain broadly stable around 1½%.
Wed 18 Oct (early am)	GlobalDairyTrade Auction	Higher?	The market is getting nervous around local supply, which is off to a slow start, but this could bias prices higher.
Fri 20 Oct (10:45am)	International Travel & Migration – Sep	Peaked?	We can't envisage a sharp fall, but we do believe we are past the peak in net inflows.
Thu 26 Oct (10:45am)	Overseas Merchandise Trade – Sep	Recovery	The surprising weakness in dairy export volumes in August should rebound, helping to boost the trade balance.
Tue 31 Oct (1:00pm)	ANZ Business Outlook – Oct	--	--
Wed 1 Nov (10:45am)	Labour Market Statistics – Q3	Trending lower	Employment should bounce after Q2's surprising contraction. The unemployment rate should continue to trend lower.
Thu 2 Nov (10:00am)	ANZ Job Ads – Oct	--	--
Mon 6 Nov (1:00pm)	RBNZ Survey of Expectations – Q4	Stable to lower	With petrol prices stabilising, inflation expectations may do the same. However, the risk is perhaps for a lower outcome.
Wed 7 Nov (early am)	GlobalDairyTrade Auction	Higher?	The market is getting nervous around local supply, which is off to a slow start, but this could bias prices higher.
Wed 8 Nov (10:00am)	ANZ Truckometer – Oct	--	--
Thu 9 Nov (9:00am)	RBNZ Monetary Policy Statement	On hold again	A neutral/cautious tone will be reinforced. The Bank's growth forecasts may be downgraded a touch, but we doubt that will alter the implied OCR profile too much.
Fri 10 Nov (10:45am)	Electronic Card Transactions – Oct	Steady	A steady pace of spending growth is likely, supported by the labour market. Soft housing presents some risk.
On balance		Data watch	The data pulse has turned a little more mixed. Domestic inflation is low, but should lift gradually.

KEY FORECASTS AND RATES

	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19
GDP (% qoq)	0.8	0.7	0.7	0.6	0.8	0.8	0.8	0.7	0.7	0.7
GDP (% yoy)	2.5	2.5	2.9	2.8	2.8	2.9	3.0	3.1	2.9	2.8
CPI (% qoq)	0.0	0.2	0.1	0.7	0.4	0.7	0.3	0.7	0.4	0.6
CPI (% yoy)	1.7	1.7	1.3	1.0	1.4	1.9	2.1	2.2	2.1	2.0
Employment (% qoq)	-0.1	0.7	0.5	0.5	0.4	0.4	0.3	0.3	0.3	0.3
Employment (% yoy)	3.1	2.4	2.2	1.6	2.1	1.8	1.6	1.4	1.3	1.2
Unemployment Rate (% sa)	4.8	4.8	4.7	4.6	4.5	4.4	4.4	4.3	4.3	4.3
Current Account (% GDP)	-3.0	-2.8	-2.8	-2.5	-2.7	-2.8	-2.9	-2.9	-2.8	-2.8
Terms of Trade (% qoq)	1.6	0.0	-1.0	-1.1	-0.6	0.0	0.1	0.1	0.1	0.1
Terms of Trade (% yoy)	10.3	11.7	4.4	-0.6	-2.6	-2.6	-1.5	-0.4	0.4	0.5

	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17
Retail ECT (% mom)	0.0	2.5	-0.6	-0.3	1.0	-0.4	-0.1	-0.6	-0.2	--
Retail ECT (% yoy)	5.8	5.6	2.6	5.6	4.5	5.2	4.5	2.0	4.4	--
Credit Card Billings (% mom)	3.1	0.4	-1.3	1.0	1.0	0.9	0.2	0.8	-0.7	--
Credit Card Billings (% yoy)	8.5	7.1	5.4	7.2	6.6	7.6	8.3	7.1	6.4	--
Car Registrations (% mom)	-6.4	1.6	0.4	3.5	-2.8	3.7	-2.7	-4.6	9.2	-1.7
Car Registrations (% yoy)	7.8	12.2	7.3	16.5	3.0	13.7	11.1	6.2	13.5	15.6
Building Consents (% mom)	-8.2	3.9	16.5	-2.3	-8.1	7.1	-0.7	1.7	10.2	--
Building Consents (% yoy)	-10.5	-1.0	8.9	17.3	-3.3	6.1	-8.9	-2.3	14.4	--
REINZ House Price Index (% yoy)	13.8	12.6	12.0	9.9	7.9	5.0	2.8	1.0	0.4	--
Household Lending Growth (% mom)	0.9	0.5	0.5	0.5	0.5	0.4	0.5	0.3	0.4	--
Household Lending Growth (% yoy)	9.0	8.9	8.7	8.7	8.3	7.9	7.6	7.1	6.7	--
ANZ Roy Morgan Consumer Conf.	124.5	128.7	127.4	125.2	121.7	123.9	127.8	125.4	126.2	129.9
ANZ Business Confidence	21.7	..	16.6	11.3	11.0	14.9	24.8	19.4	18.3	0.0
ANZ Own Activity Outlook	39.6	..	37.2	38.8	37.7	38.3	42.8	40.3	38.2	29.6
Trade Balance (\$m)	-1	-227	-42	262	547	62	245	98	-1235	--
Trade Bal (\$m ann)	51621	51901	52087	52404	52588	53218	53530	53743	54044	--
ANZ World Comm. Price Index (% mom)	0.7	-0.1	2.0	0.4	-0.2	3.2	2.1	-0.8	-0.8	0.8
ANZ World Comm. Price Index (% yoy)	16.5	19.1	20.9	23.0	23.7	26.3	24.6	21.1	16.3	11.5
Net Migration (sa)	5920	6320	5910	6130	5790	5920	6310	5760	5490	--
Net Migration (ann)	70588	71305	71333	71932	71885	71964	72305	72402	72072	--
ANZ Heavy Traffic Index (% mom)	-0.3	-0.9	2.1	1.6	-2.2	3.9	-0.4	-5.5	6.2	--
ANZ Light Traffic Index (% mom)	0.3	-0.3	0.8	1.0	-1.4	1.3	1.3	-2.2	2.6	--

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)						
	Aug-17	Sep-17	Today	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19
NZD/USD	0.715	0.721	0.706	0.73	0.73	0.73	0.70	0.68	0.67	0.65
NZD/AUD	0.906	0.920	0.908	0.90	0.89	0.88	0.91	0.92	0.93	0.93
NZD/EUR	0.603	0.610	0.601	0.60	0.62	0.63	0.63	0.59	0.56	0.53
NZD/JPY	79.10	81.11	79.45	81.8	80.3	76.7	70.0	68.0	67.0	65.0
NZD/GBP	0.555	0.538	0.540	0.55	0.57	0.57	0.55	0.52	0.51	0.49
NZ\$ TWI	73.7	74.4	74.9	74.3	74.6	74.5	72.6	70.5	69.0	67.0
INTEREST RATES	Aug-17	Sep-17	Today	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19
NZ OCR	1.75	1.75	1.75	1.75	1.75	1.75	1.75	2.00	2.25	2.25
NZ 90 day bill	1.96	1.96	1.93	1.97	1.98	1.99	2.08	2.34	2.50	2.50
NZ 10-yr bond	2.90	2.80	2.98	2.80	2.85	2.95	3.15	3.30	3.30	3.30
US Fed funds	1.25	1.25	1.25	1.50	1.50	1.75	2.00	2.25	2.25	2.25
US 3-mth	1.32	1.40	1.35	1.65	1.75	2.05	2.20	2.45	2.45	2.45
AU Cash Rate	1.50	1.50	1.50	1.50	1.50	1.75	2.00	2.00	2.00	2.00
AU 3-mth	1.72	1.72	1.70	1.70	1.70	1.70	1.80	1.80	1.80	1.80

	6 Sep	2 Oct	3 Oct	4 Oct	5 Oct	6 Oct
Official Cash Rate	1.75	1.75	1.75	1.75	1.75	1.75
90 day bank bill	1.96	1.95	1.94	1.94	1.93	1.95
NZGB 03/19	1.82	1.92	1.91	1.90	1.90	1.90
NZGB 05/21	2.08	2.25	2.24	2.24	2.23	2.24
NZGB 04/23	2.37	2.56	2.54	2.54	2.52	2.54
NZGB 04/27	2.77	2.99	2.98	2.97	2.94	2.96
2 year swap	2.14	2.22	2.21	2.21	2.20	2.21
5 year swap	2.55	2.76	2.75	2.75	2.73	2.74
RBNZ TWI	75.63	76.17	76.07	76.01	75.76	75.35
NZD/USD	0.7212	0.7194	0.7175	0.7183	0.7153	0.7093
NZD/AUD	0.9046	0.9204	0.9179	0.9128	0.9148	0.9122
NZD/JPY	78.50	81.14	81.09	80.72	80.53	79.87
NZD/GBP	0.5528	0.5405	0.5412	0.5408	0.5427	0.5425
NZD/EUR	0.6046	0.6125	0.6103	0.6100	0.6090	0.6043
AUD/USD	0.7972	0.7817	0.7817	0.7869	0.7820	0.7767
EUR/USD	1.1929	1.1746	1.1756	1.1774	1.1747	1.1730
USD/JPY	108.85	112.78	113.02	112.39	112.57	112.65
GBP/USD	1.3047	1.3311	1.3258	1.3281	1.3181	1.3066
Oil (US\$/bbl)	49.16	50.58	50.42	49.98	50.79	49.29
Gold (US\$/oz)	1338.90	1274.32	1271.12	1279.80	1278.65	1276.68
Electricity (Haywards)	6.77	4.39	3.54	4.01	5.09	5.65
Baltic Dry Freight Index	1250	1328	1308	1320	1382	1405
NZX WMP Futures (US\$/t)	3125	3280	3280	3145	3125	3125

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