

28 August 2017

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TRANSITION

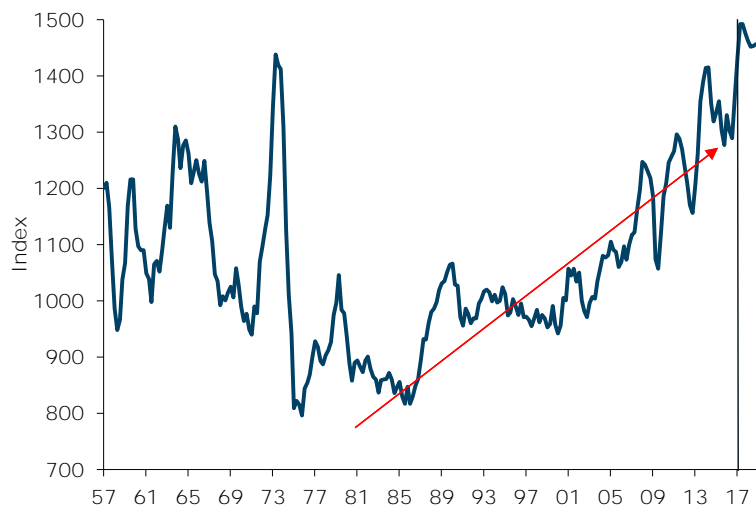
ECONOMIC OVERVIEW

The New Zealand economy is transitioning in terms of its growth drivers. Erstwhile drivers (net migration, construction, tourism and housing) are all showing signs of peaking (or have peaked already). However, the record-high terms of trade, fiscal impulse and buoyant household income growth will fill the void. More onus will fall on productivity growth to lift too. Building consent data this week will likely remain capped, while our Business Outlook will provide its usual timely update on activity momentum. Overseas trade index figures should show the terms of trade reaching new all-time highs.

CHART OF THE WEEK

The terms of trade look set to hit record highs in data to be released on Friday.

Terms of trade (OTI basis)



Source: ANZ, Statistics NZ

THE ANZ HEATMAP

Variable	View	Comment	Risk profile (change to view)
GDP	3.3% y/y for 2018 Q1	Recent growth has disappointed but forward indicators remain positive despite headwinds from housing, finding staff and capital.	Neutral Negative Positive
Unemployment rate	4.6% for 2018 Q1	Strong job ads growth suggests the unemployment rate should continue to trend lower. Wage growth is benign, but conditions for change are emerging.	Neutral Negative Positive
OCR	1.75% by Mar 2018	While we can't really make the case for a lower OCR, interest rate hikes are hard to justify too, with inflation impacted by secular forces.	Neutral Down Up
CPI	1.2% y/y for 2018 Q1	Oil price weakness will weigh on headline inflation, but domestic and core inflation should lift gradually.	Neutral Negative Positive

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SUMMARY

The New Zealand economy is transitioning in terms of its growth drivers. Erstwhile drivers (net migration, construction, tourism and housing) are all showing signs of peaking (or have peaked already). However, the record-high terms of trade, fiscal impulse and buoyant household income growth will fill the void. More onus will fall on productivity growth to lift too. Building consent data this week will likely remain capped, while our Business Outlook will provide its usual timely update on activity momentum. Overseas trade index figures should show the terms of trade reaching new all-time highs.

FORTHCOMING EVENTS

Building Consents Issued – July (10:45am, Wednesday, 30 August). Issuance is struggling to push much above an annualised pace of 30k, as capacity constraints bite. We can't see that changing much.

ANZ Business Outlook – August (1:00pm, Thursday, 31 August).

RBNZ Sectoral Lending – July (3:00pm, Thursday, 31 August). Although overall private sector credit has slowed, household credit growth accelerated a little in June. Reduced bank funding pressures do leave a little more wriggle room for credit growth to stabilise.

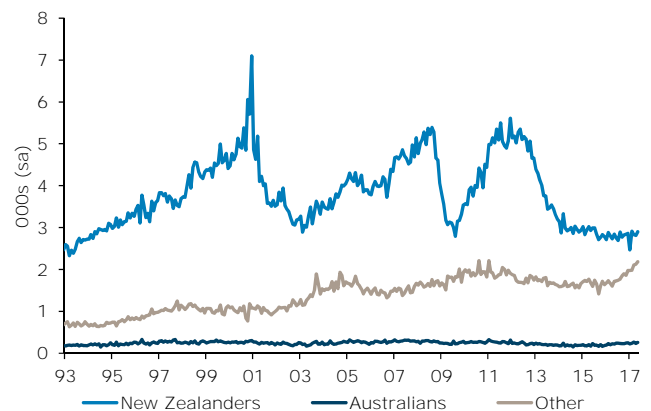
Overseas Trade Indexes – Q2 (10:45am, Friday, 1 September). The terms of trade should post another strong lift, taking it to all-time highs. Export volumes should also rebound from earlier softness.

WHAT'S THE VIEW?

Key drivers of New Zealand's activity growth over recent years are showing signs of peaking – or have peaked already. Consider this:

- **Net migration inflows look to have topped.** Annualised net inflows have been stable at around 72k for the past year (i.e. effectively at all-time highs). While long-term arrivals numbers continue to lift, led in large part by those on work visas and returning New Zealanders, long-term departures have begun to lift too. In July, departures reached their highest level since November 2013, reflecting a lift in departures of those not of New Zealand or Australian citizenship. It is hard to say with much confidence, but it could be an early sign that the recent tightening in criteria for those on student and work visas to gain residency is having an impact. Given these residency criteria are now a political issue, that trend is likely to continue.

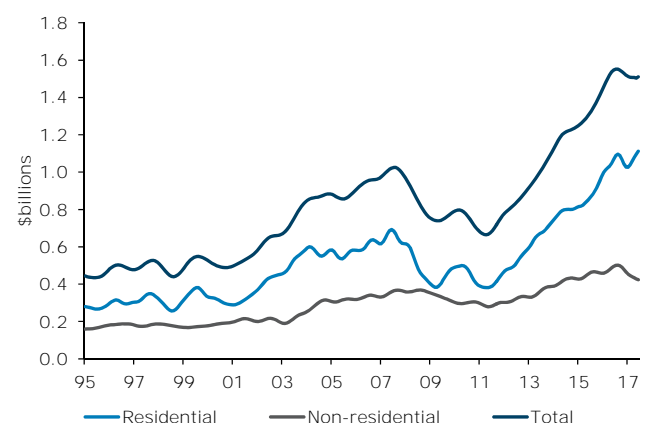
Figure 1: Monthly permanent and long-term departures by citizenship



Source: ANZ, Statistics NZ

- **Construction sector activity is battling capacity constraints.** Meeting demand is proving to be a challenge given difficulties finding staff, more restrictive credit conditions and cost escalation that has made the viability of some projects questionable. We expect the sector to make a positive contribution to Q2 GDP growth (with the possibility that poor weather may have weighed on activity in Q1). However, it is notable that despite strong construction cost inflation, the value of total building consent issuance is off its highs. As we mention below, dwelling consent issuance has struggled to push above an annualised rate of around 30k. These supply-side challenges are unlikely to ease any time soon.

Figure 2: Total value of building consents (trend)



Source: ANZ, Statistics NZ

- **Growth in international tourist numbers is slowing.** Estimating underlying trends has been complicated by the boost from recent sporting events (World Masters Games and British & Irish Lions rugby tour). But when we look through these blips, it appears arrivals growth has

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softened. In July, the number of visitors was at a four-month low in seasonally adjusted terms, and only 2% above the average number recorded over the six month period to March 2017. It is hardly surprising, with the 10% plus annual growth recorded over 2016 hardly sustainable.

- **The housing market has weakened.** As we discussed last week, house prices are falling modestly in Auckland and turnover is down sharply across the country. Historically, that would represent quite a headwind for the economy.

There are important offsetting forces. Other growth drivers should step in to fill the void.

- **Fiscal policy is turning more expansionary.** Perhaps the latest Pre-election Economic and Fiscal Update was not as upbeat as some expected, but it still showed a positive fiscal impulse to the tune of 0.6-0.8% of GDP per year (depending on the measure used) over FY18 and FY19. That compares with an average drag of around 1% of GDP per year over the previous five years. And the way the election is shaping up, and the temptation that operating surpluses approaching 2% of GDP will provide, the bias is skewed towards these positive impulses being even larger.
- **The terms of trade is set to hit all-time highs.** As we discuss below, we expect OTI data this week to confirm this. In fact, on our estimates, the terms of trade has risen 16% between Q3 2016 and Q2 2017, which is meaningful for growth. Our ball-park estimate is that for every 1% lift in the terms of trade, real GDP growth is boosted by 0.15%pts (all else equal) over the subsequent two years. So the terms of trade lift seen over the past year or so alone could add 2%pts to future GDP growth.

Figure 3: Terms of trade (OTI basis)



Source: ANZ, Statistics NZ

- **Household income growth is strong.** Historically, a weaker housing market has tended to quickly dent sentiment and weigh on consumer spending. We are not seeing that, with consumer sentiment remaining elevated. We suspect a big part of that is the fact that annual household income growth is running around 7% at present. And with the unemployment rate forecast to fall further and wage growth to lift off lows (even if only modestly), solid growth should continue. Together with competitive price pressures in the retail sector, real consumption growth should remain strong.

We should also add that we don't see these previous growth drivers – perhaps with the exception of housing – turning into outright drags either. In fact, with regards to net migration, we are really only talking about a peak in its contribution to growth (the level of net migration is set to remain elevated). And for construction and tourism, while their growth contributions may be more neutral going forward, we don't see them turning negative. In fact, in the case of the latter, it would only take a further fall in the NZD to see the average spend per visitor lift quite quickly, which could outweigh the impact of softening visitor arrivals growth when it comes to total international visitor spend.

Figure 4: Average spend per visitor and NZD



Source: ANZ, Bloomberg, MBIE

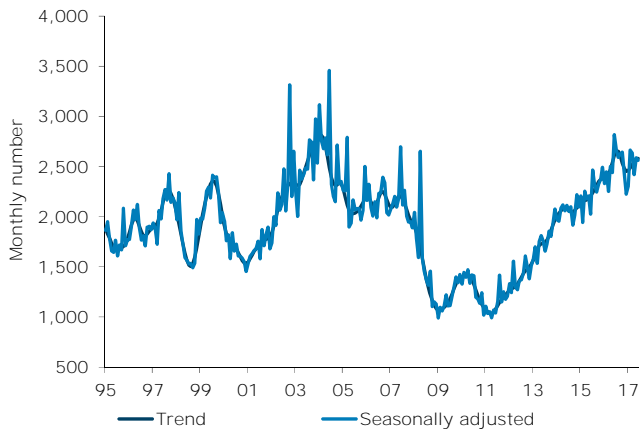
Ultimately, the backdrop is one where the economy is transitioning in terms of its growth drivers. Despite headwinds from capacity pressures, difficulty finding staff, tighter credit conditions and a weaker housing market, we remain comfortable with our view that GDP growth is set to average around 3% over the next couple of years (i.e. trend growth, there-or-thereabouts). **To be fair, a better productivity growth performance certainly wouldn't hurt, to assist this transition.**

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Turning to the week ahead, some of the themes discussed above will be on show. First up, building consent figures for July are expected to show issuance struggling to push much higher.

In June, issuance dipped 1.0% m/m, after rising 6.9% m/m in May. However, the bigger picture is one where issuance effectively hovering at an annualised pace of roughly 30k (or 2.5k per month), where it has been for the past 12 months or so. We can't really see that backdrop changing a great deal.

Figure 5: Monthly dwelling consent issuance

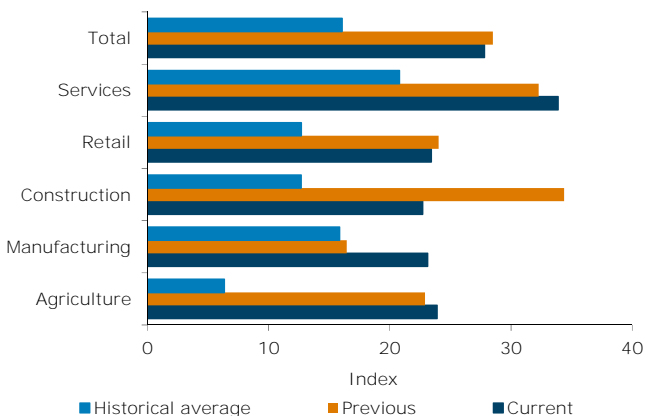


Source: ANZ, Statistics NZ

As usual, our Business Outlook for August will provide a timely update on economic momentum.

According to the most recent surveys, firms remain upbeat, with a net 40% of firms confident about their own activity prospects in July. Taking into account additional views on profits, investment and employment, our composite gauges also give a positive signal at present, with all sectors currently recording above-average conditions. However, the one we are watching is construction. Its confidence composite has fallen over recent months, to an 11-month low in July, adding to other evidence that the sector is grappling with a few headwinds.

Figure 6: ANZ Business Outlook composites



Source: ANZ

RBNZ sectoral lending figures for July should continue to show a more modest pace of lending growth.

Total private sector credit grew at just 0.3% m/m in June, with annual growth dropping to 6.0% y/y – the lowest in around two years. However, the composition was a little more interesting, with agricultural lending remaining soft (no doubt related to improved cash-flow conditions in the dairy sector) and household lending accelerating a touch. The latter grew 0.6% m/m in June, up from 0.4% m/m in May. With banks doing much of the hard work in closing a funding gap (in the three months to June, the absolute growth in household lending and deposits was broadly similar), there is arguably a little more scope for banks to loosen their credit purse strings. However, we suspect that will only be at the margin.

Figure 7: Bank household lending and deposit growth



Source: ANZ, RBNZ

And finally, as mentioned above, Overseas Trade Indexes data should show the merchandise terms of trade hitting all-time highs in Q2.

We have pencilled in an increase of roughly 4% q/q, which follows hot on the heels of a 5.1% q/q lift in Q1. That would see the index surpass the record highs that were achieved in 1973. NZD export prices are estimated to have posted a circa 3% q/q lift, led by broad based increases in a number of export commodities (and also a modestly lower NZD over the quarter). Import prices are estimated to have fallen around 1% q/q, in large part due to lower prices for New Zealand's crude oil imports.

Additionally, the data should show export volumes recovering from recent weakness.

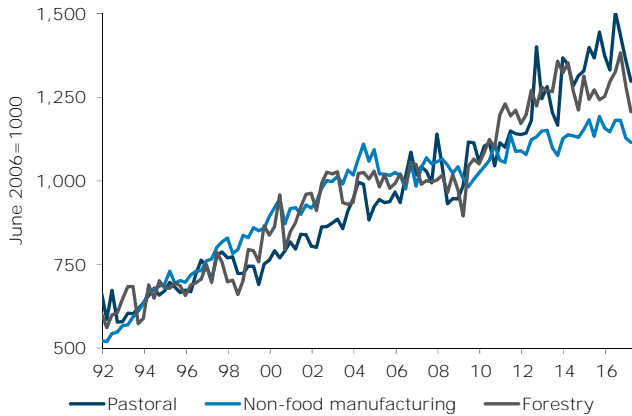
According to the OTI figures, export volumes have fallen for three consecutive quarters, and are down 11% in that time. While that was off strong levels, in our view that weakness has been in large part driven by temporary factors. In fact, separate merchandise trade figures already show export volumes lifting strongly over the quarter, and we have pencilled in a



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circa 5% q/q bounce. This will set the scene for a positive net export contribution to upcoming GDP figures.

Figure 8: Selected OTI export volume indices



Source: ANZ, Statistics NZ

LOCAL DATA

Pre-election Economic and Fiscal Update. An OBEGAL surplus of 1.0% of GDP is projected in FY18, growing to 2.0% by FY21.

Overseas Merchandise Trade – July. An unadjusted monthly surplus of \$85m was recorded, only the 11th surplus for a July month since 1960.

RBNZ New Mortgage Lending – July. We estimate that new lending fell 3.1% m/m in seasonally adjusted terms, to be down 24% y/y.

DATA EVENT CALENDAR

DATE	COUNTRY	DATA/EVENT	MKT.	LAST	NZ TIME
28-Aug	EC	M3 Money Supply YoY - Jul	4.9%	5.0%	20:00
29-Aug	US	Wholesale Inventories MoM - Jul P	0.3%	0.7%	00:30
	US	Advance Goods Trade Balance - Jul	-\$64.5B	-\$64.0B	00:30
	US	Dallas Fed Manf. Activity - Aug	16.8	16.8	02:30
	AU	ANZ-RM Consumer Confidence Index - 27-Aug	--	109.2	11:30
	UK	Nationwide House PX MoM - Aug	0.0%	0.3%	18:00
	UK	Nationwide House Px NSA YoY - Aug	2.5%	2.9%	18:00
	GE	GfK Consumer Confidence - Sep	10.8	10.8	18:00
30-Aug	US	S&P CoreLogic CS 20-City MoM SA - Jun	0.10%	0.10%	01:00
	US	S&P CoreLogic CS 20-City YoY NSA - Jun	5.60%	5.69%	01:00
	US	Conf. Board Consumer Confidence - Aug	120.4	121.1	02:00
	NZ	Building Permits MoM - Jul	--	-1.0%	10:45
	JN	Retail Sales MoM - Jul	0.3%	0.2%	11:50
	JN	Retail Trade YoY - Jul	1.0%	2.2%	11:50
	AU	Construction Work Done - Q2	1.0%	-0.7%	13:30
	AU	Building Approvals MoM - Jul	-5.0%	10.9%	13:30
	AU	Building Approvals YoY - Jul	-16.6%	-2.3%	13:30
	UK	Net Consumer Credit - Jul	£1.5B	£1.5B	20:30
	UK	Net Lending Sec. on Dwellings - Jul	£3.8B	£4.1B	20:30
	UK	Mortgage Approvals - Jul	65.5k	64.7k	20:30
	UK	Money Supply M4 MoM - Jul	--	-0.2%	20:30
	UK	M4 Money Supply YoY - Jul	--	5.3%	20:30
	UK	M4 Ex IOFCs 3M Annualised - Jul	--	5.4%	20:30
	EC	Economic Confidence - Aug	111.3	111.2	21:00
	EC	Business Climate Indicator - Aug	1.05	1.05	21:00
	EC	Industrial Confidence - Aug	4.7	4.5	21:00
	EC	Services Confidence - Aug	13.9	14.1	21:00
	EC	Consumer Confidence - Aug F	-1.5	-1.5	21:00
	US	MBA Mortgage Applications - 25-Aug	--	-0.5%	23:00
31-Aug	GE	CPI MoM - Aug P	0.1%	0.4%	00:00
	GE	CPI YoY - Aug P	1.8%	1.7%	00:00
	GE	CPI EU Harmonized MoM - Aug P	0.1%	0.4%	00:00
	GE	CPI EU Harmonized YoY - Aug P	1.7%	1.5%	00:00
	US	ADP Employment Change - Aug	188k	178k	00:15
	US	GDP Annualized QoQ - Q2 S	2.7%	2.6%	00:30
	US	Personal Consumption - Q2 S	3.0%	2.8%	00:30
	US	GDP Price Index - Q2 S	1.0%	1.0%	00:30
	US	Core PCE QoQ - Q2 S	0.9%	0.9%	00:30
	UK	GfK Consumer Confidence - Aug	-13	-12	11:01
	JN	Industrial Production MoM - Jul P	-0.3%	2.2%	11:50
	JN	Industrial Production YoY - Jul P	5.1%	5.5%	11:50
	NZ	ANZ Activity Outlook - Aug	--	40.3	13:00
	NZ	ANZ Business Confidence - Aug	--	19.4	13:00
	AU	HIA New Home Sales MoM - Jul	--	-6.90%	13:00
	CH	Manufacturing PMI - Aug	51.3	51.4	13:00
	CH	Non-manufacturing PMI - Aug	--	54.5	13:00
	AU	Private Sector Credit MoM - Jul	0.5%	0.6%	13:30
	AU	Private Sector Credit YoY - Jul	5.4%	5.4%	13:30

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DATA EVENT CALENDAR

DATE	COUNTRY	DATA/EVENT	MKT.	LAST	NZ TIME
31-Aug	AU	Private Capital Expenditure - Q2	0.2%	0.3%	13:30
	GE	Retail Sales MoM - Jul	-0.6%	1.4%	18:00
	GE	Retail Sales YoY - Jul	2.9%	1.5%	18:00
	GE	Unemployment Change (000's) - Aug	-6k	-8k	19:55
	GE	Unemployment Claims Rate SA - Aug	5.7%	5.7%	19:55
	EC	Unemployment Rate - Jul	9.1%	9.1%	21:00
	EC	CPI Estimate YoY - Aug	1.4%	1.3%	21:00
	EC	CPI Core YoY - Aug A	1.2%	1.2%	21:00
1-Sep	US	Personal Income - Jul	0.3%	0.0%	00:30
	US	Personal Spending - Jul	0.4%	0.1%	00:30
	US	Initial Jobless Claims - 26-Aug	237k	234k	00:30
	US	Continuing Claims - 19-Aug	1953k	1954k	00:30
	US	PCE Deflator MoM - Jul	0.1%	0.0%	00:30
	US	PCE Deflator YoY - Jul	1.4%	1.4%	00:30
	US	PCE Core MoM - Jul	0.1%	0.1%	00:30
	US	PCE Core YoY - Jul	1.4%	1.5%	00:30
	US	Chicago Purchasing Manager - Aug	59.2	58.9	01:45
	US	Pending Home Sales MoM - Jul	0.5%	1.5%	02:00
	US	Pending Home Sales NSA YoY - Jul	--	0.7%	02:00
	NZ	QV House Prices YoY - Aug	--	6.4%	05:00
	NZ	Terms of Trade Index QoQ - Q2	3.0%	5.1%	10:45
	AU	AiG Perf of Mfg Index - Aug	--	56.0	11:30
	AU	CoreLogic House Px MoM - Aug	--	1.5%	12:00
	JN	Nikkei PMI Mfg - Aug F	--	52.8	12:30
	CH	Caixin PMI Mfg - Aug	51.0	51.1	13:45
	AU	Commodity Index AUD - Aug	--	114.4	18:30
	AU	Commodity Index SDR YoY - Aug	--	17.1%	18:30
	GE	Markit/BME Manufacturing PMI - Aug F	59.4	59.4	19:55
	EC	Markit Manufacturing PMI - Aug F	57.4	57.4	20:00
	UK	Markit PMI Manufacturing SA - Aug	55.0	55.1	20:30
2-Sep	US	Change in Nonfarm Payrolls - Aug	180k	209k	00:30
	US	Unemployment Rate - Aug	4.3%	4.3%	00:30
	US	Average Hourly Earnings MoM - Aug	0.2%	0.3%	00:30
	US	Average Hourly Earnings YoY - Aug	2.6%	2.5%	00:30
	US	Average Weekly Hours All Employees - Aug	34.5	34.5	00:30
	US	Markit Manufacturing PMI - Aug F	52.6	52.5	01:45
	US	ISM Manufacturing - Aug	56.5	56.3	02:00
	US	U. of Mich. Sentiment - Aug F	97.3	97.6	02:00
	US	Construction Spending MoM - Jul	0.5%	-1.3%	02:00

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 reasonable, despite housing and credit headwinds. Inflation is subdued, however, which is consistent with the OCR remaining on hold for some time yet.

DATE	DATA/EVENT	ECONOMIC SIGNAL	COMMENT
Wed 30 Aug (10:45am)	Building Consent Issuance – Jul	Capped	Positive demand forces are there, but issuance is being capped by capacity and capital constraints.
Thu 31 Aug (1:00pm)	ANZ Business Outlook – Aug	--	--
Thu 31 Aug (3:00pm)	RBNZ Sectoral Lending – Jul	Cooling	Private sector credit growth has cooled to 6% y/y. It could slow a little further.
Fri 1 Sep (10:45am)	Overseas Trade Indexes – Q2	All-time high	We see the terms of trade posting another decent lift, taking it to all-time highs. Export volumes should bounce.
Tue 5 Sep (10:45am)	Building Work Put in Place – Q2	Flattish	Non-residential construction activity should rebound, but residential work is being capped by capacity pressures.
Tue 5 Sep (1:00pm)	ANZ Commodity Price Index – Aug	--	--
Wed 6 Sep (early am)	GlobalDairyTrade Auction	Stable	How the local production season gets underway will be key, but we are expecting broad stability in prices for now.
Wed 6 Sep (10:00am)	ANZ Job Advertising – Aug	--	--
Fri 8 Sep (10:45am)	Economic Survey of Manufacturing – Q2	Solid	The headline often gets thrown around by timing issues in the primary sector, but the underlying details should be okay.
11-15 Sep	REINZ Housing Market Statistics – Aug	Soft	We suspect the theme of softness in activity and prices is set to persist for a while yet.
Mon 11 Sep (10:45am)	Electronic Card Transactions – Aug	Bounce	Lower petrol prices have weighed heavily on the value of retail spending. That theme has likely played out now.
Mon 11 Sep (1:00pm)	ANZ Monthly Inflation Gauge – Aug	--	--
Tue 12 Sep (10:00am)	ANZ Truckometer – Aug	--	--
Wed 13 Sep (10:45am)	Food Price Index – Aug	Volatile	Commodity prices predict strength but timing effects could create some noise.
Thu 14 Sep (1:00pm)	ANZ-Roy Morgan Consumer Confidence – Sep	--	--
Fri 15 Sep (10:30am)	BNZ-BusinessNZ PMI – Aug	Looking okay	The index has been hovering at a broadly decent level. We don't see that changing much.
Mon 18 Sep (10:30am)	BNZ-BusinessNZ PSI – Aug	Ditto	Like its PMI cousin, the index has been holding broadly stable at a decent level.
Wed 20 Sep (early am)	GlobalDairyTrade Auction	Stable	How the local production season gets underway will be key, but we are expecting broad stability in prices for now.
Wed 20 Sep (10:45am)	Balance of Payments – Q2	Stable	We see the current account deficit holding broadly stable around 3% of GDP.
Thu 21 Sep (10:45am)	GDP – Q2	1.0% q/q	We expect some of the temporary factors that have weighed on growth of late to unwind.
Thu 21 Sep (10:45am)	International Travel & Migration – Aug	Holding up	We can't envisage a meaningful turn in net migrant inflows yet.
balance		Data watch	The data pulse generally remains solid. Domestic inflation is low, but should lift gradually.

KEY FORECASTS AND RATES

	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19
GDP (% qoq)	0.5	1.0	0.8	0.8	0.7	0.7	0.6	0.6	0.6	0.6
GDP (% yoy)	2.5	2.7	2.7	3.2	3.3	3.0	2.8	2.6	2.5	2.4
CPI (% qoq)	1.0	0.0	0.2	0.2	0.8	0.6	0.7	0.3	0.7	0.6
CPI (% yoy)	2.2	1.7	1.6	1.3	1.2	1.8	2.4	2.5	2.4	2.3
Employment (% qoq)	1.1	-0.1	0.7	0.5	0.5	0.4	0.4	0.3	0.3	0.3
Employment (% yoy)	5.7	3.1	2.4	2.2	1.6	2.1	1.8	1.6	1.4	1.3
Unemployment Rate (% sa)	4.9	4.8	4.8	4.7	4.6	4.5	4.4	4.4	4.3	4.3
Current Account (% GDP)	-3.1	-3.1	-2.9	-2.8	-2.4	-2.3	-2.4	-2.5	-2.4	-2.4
Terms of Trade (% qoq)	5.1	4.1	0.0	-1.1	-0.9	-0.7	0.1	0.2	0.1	0.1
Terms of Trade (% yoy)	7.7	14.5	15.7	8.3	2.0	-2.7	-2.6	-1.4	-0.3	0.4

	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17
Retail ECT (% mom)	0.0	0.1	2.5	-0.5	-0.3	1.0	-0.5	-0.1	-0.5	--
Retail ECT (% yoy)	5.1	5.8	5.6	2.6	5.6	4.5	5.2	4.5	2.0	--
Credit Card Billings (% mom)	-4.1	3.1	0.4	-1.3	1.0	1.1	1.0	0.2	0.9	--
Credit Card Billings (% yoy)	4.1	8.5	7.1	5.3	7.3	6.5	7.6	8.3	7.2	--
Car Registrations (% mom)	3.0	-6.4	1.7	0.5	3.4	-3.0	3.5	-3.0	-3.3	--
Car Registrations (% yoy)	18.4	7.8	12.2	7.3	16.5	3.0	13.7	11.1	6.2	--
Building Consents (% mom)	-8.4	-8.2	3.7	15.5	-1.1	-8.1	6.9	-1.0	--	--
Building Consents (% yoy)	2.2	-10.7	-1.0	8.9	17.0	-3.2	6.1	-9.1	--	--
REINZ House Price Index (% yoy)	14.4	13.8	12.8	11.9	10.0	7.9	5.0	2.8	1.1	--
Household Lending Growth (% mom)	0.6	0.8	0.5	0.5	0.5	0.6	0.4	0.6	--	--
Household Lending Growth (% yoy)	8.6	8.8	8.7	8.5	8.4	8.2	7.8	7.6	--	--
ANZ Roy Morgan Consumer Conf.	127.2	124.5	128.7	127.4	125.2	121.7	123.9	127.8	125.4	126.2
ANZ Business Confidence	20.5	21.7	..	16.6	11.3	11.0	14.9	24.8	19.4	--
ANZ Own Activity Outlook	37.6	39.6	..	37.2	38.8	37.7	38.3	42.8	40.3	--
Trade Balance (\$m)	-723	-1	-227	-42	262	547	66	246	85	--
Trade Bal (\$m ann)	51668	51621	51901	52087	52404	52588	53218	53531	53763	--
ANZ World Comm. Price Index (% mom)	3.2	0.7	-0.1	2.0	0.4	-0.2	3.2	2.1	-0.8	--
ANZ World Comm. Price Index (% yoy)	13.6	16.5	19.1	20.9	23.0	23.7	26.3	24.6	21.1	--
Net Migration (sa)	6140	5930	6320	5920	6140	5800	5940	6340	5810	--
Net Migration (ann)	70354	70588	71305	71333	71932	71885	71964	72305	72402	--
ANZ Heavy Traffic Index (% mom)	3.6	-0.3	-0.9	2.1	1.6	-2.2	3.9	-0.4	-5.5	--
ANZ Light Traffic Index (% mom)	1.5	0.3	-0.3	0.8	1.0	-1.4	1.3	1.3	-2.2	--

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)						
	Jun-17	Jul-17	Today	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
NZD/USD	0.733	0.749	0.725	0.72	0.70	0.69	0.68	0.67	0.67	0.66
NZD/AUD	0.954	0.939	0.913	0.97	0.96	0.96	0.94	0.94	0.94	0.94
NZD/EUR	0.642	0.638	0.607	0.63	0.63	0.63	0.65	0.63	0.61	0.57
NZD/JPY	82.42	82.78	79.29	82.8	78.4	75.9	71.4	67.0	67.0	66.0
NZD/GBP	0.563	0.570	0.562	0.55	0.55	0.55	0.55	0.54	0.54	0.51
NZ\$ TWI	76.8	77.1	76.3	76.1	74.7	74.1	73.5	71.8	71.2	69.3
INTEREST RATES	Jun-17	Jul-17	Today	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
NZ OCR	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	2.00	2.25
NZ 90 day bill	1.98	1.95	1.96	1.97	1.98	1.99	1.99	2.08	2.34	2.50
NZ 10-yr bond	2.98	2.98	2.89	2.80	2.80	2.85	2.95	3.15	3.30	3.30
US Fed funds	1.25	1.25	1.25	1.25	1.50	1.50	1.75	2.00	2.25	2.25
US 3-mth	1.30	1.31	1.32	1.40	1.65	1.75	2.05	2.20	2.45	2.45
AU Cash Rate	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
AU 3-mth	1.71	1.69	1.71	1.70	1.70	1.70	1.70	1.80	1.80	1.80

	25 Jul	21 Aug	22 Aug	23 Aug	24 Aug	25 Aug
Official Cash Rate	1.75	1.75	1.75	1.75	1.75	1.75
90 day bank bill	1.93	1.94	1.95	1.94	1.94	1.94
NZGB 03/19	1.93	1.89	1.90	1.90	1.89	1.88
NZGB 05/21	2.27	2.17	2.18	2.19	2.18	2.17
NZGB 04/23	2.58	2.46	2.47	2.49	2.48	2.47
NZGB 04/27	2.94	2.86	2.88	2.91	2.91	2.88
2 year swap	2.23	2.18	2.18	2.18	2.18	2.18
5 year swap	2.77	2.65	2.65	2.66	2.65	2.64
RBNZ TWI	78.64	77.18	77.18	76.45	76.12	76.07
NZD/USD	0.7431	0.7316	0.7283	0.7224	0.7213	0.7241
NZD/AUD	0.9363	0.9226	0.9213	0.9148	0.9136	0.9129
NZD/JPY	82.76	79.82	79.59	79.04	78.83	79.19
NZD/GBP	0.5703	0.5673	0.5678	0.5641	0.5625	0.5622
NZD/EUR	0.6378	0.6222	0.6196	0.6132	0.6116	0.6071
AUD/USD	0.7937	0.7929	0.7905	0.7897	0.7895	0.7932
EUR/USD	1.1651	1.1758	1.1753	1.1782	1.1792	1.1924
USD/JPY	111.37	109.10	109.29	109.41	109.30	109.36
GBP/USD	1.3033	1.2897	1.2826	1.2806	1.2822	1.2882
Oil (US\$/bbl)	47.89	47.37	47.64	48.41	47.43	47.87
Gold (US\$/oz)	1251.14	1287.51	1286.27	1287.47	1286.57	1291.35
Electricity (Haywards)	9.95	8.67	8.93	9.41	8.09	7.67
Baltic Dry Freight Index	980	1266	1249	1222	1200	1209
NZX WMP Futures (US\$/t)	3225	3230	3225	3225	3225	3225

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