

## ANZ NZ Monthly Inflation Gauge

9 October 2018



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The next issue of the ANZ  
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scheduled for release on 12  
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## Ticking along

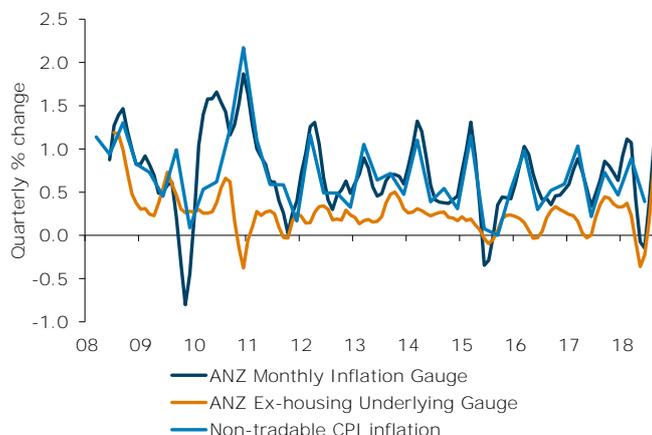
### Summary

The ANZ Monthly Inflation Gauge rose 0.3% m/m in September (2.9% y/y).<sup>1</sup> On a quarterly basis, the Gauge rose 1.4% in Q3. There is some noise in the quarterly movement, such as payback from a weak Q2 signal and new-look accommodation services. Aside from this, seasonal price rises and ongoing housing-related price pressures are keeping the Gauge ticking along.

### Key points

- The ANZ Monthly Inflation Gauge rose 0.3% m/m (+2.9% y/y) in September with a 0.9% m/m rise in the purchase of housing alongside a 2.0% lift in accommodation services together contributing almost 0.2%pts. Higher rents (up 0.2% m/m) and domestic airfares (up 2.3% m/m) were also among the top contributors. Just one of the 36 categories posted a monthly decline (vehicle insurance), providing a trivial drag, with 24 unchanged and 11 rising.
- The strong 1.4% q/q print reflects some noise, including a general rebound from Q2's weak -0.1% q/q print from the Gauge and the addition of the highly-weighted 'Overseas accommodation prepaid in New Zealand' sub-component to accommodation services (more on this on page 2). Looking through this, there was a steady but unspectacular quarterly rise, supported by a seasonal rise for domestic airfares, continued strength in the purchase of housing, and some one-offs including higher postal services (with New Zealand Post increasing the cost of postage in July). Overall the Gauge is pointing to a solid print for non-tradable CPI inflation in Q3. Our Q3 CPI Preview will be out later this week after September food prices are released on Thursday.
- Annual inflation in the Gauge has staged a small recovery in recent months, running at 2.9% in September from 2.4% June, but is still below 3.1% recorded in early 2018. Looking through policy-induced movements and influence of the housing group, the ex-housing Gauge posted a 4-year high, at 1.3% y/y.<sup>2</sup> However, this is also being affected by noise in Q3.

**Figure 1. Quarterly inflation measures**



Source: ANZ Research, Statistics NZ

<sup>1</sup> Data is subject to revision. All quarterly and annual movements are on a 3-month average basis unless otherwise stated.

<sup>2</sup> This excludes the housing group, tobacco, alcohol and tertiary education fees.



## Tables and charts

	Monthly Inflation Gauge (Index)	Monthly Inflation Gauge (m/m%)	Implied Inflation Gauge (q/q%)	Actual non-tradable CPI (q/q%)
May-17	1300	0.2		
Jun-17	1303	0.2	0.3	0.2
Jul-17	1308	0.4		
Aug-17	1311	0.2		
Sep-17	1316	0.3	0.9	0.7
Oct-17	1317	0.1		
Nov-17	1319	0.2		
Dec-17	1325	0.4	0.6	0.5
Jan-18	1336	0.9		
Feb-18	1335	-0.1		
Mar-18	1332	-0.2	1.1	0.9
Apr-18	1330	-0.2		
May-18	1331	0.1		
Jun-18	1337	0.4	-0.1	0.4
Jul-18	1344	0.5		
Aug-18	1352	0.6		
Sep-18	1356	0.3	1.4	

The following charts show both the ANZ Monthly Inflation Gauge measures for selected components and the associated CPI data from Statistics New Zealand (SNZ).

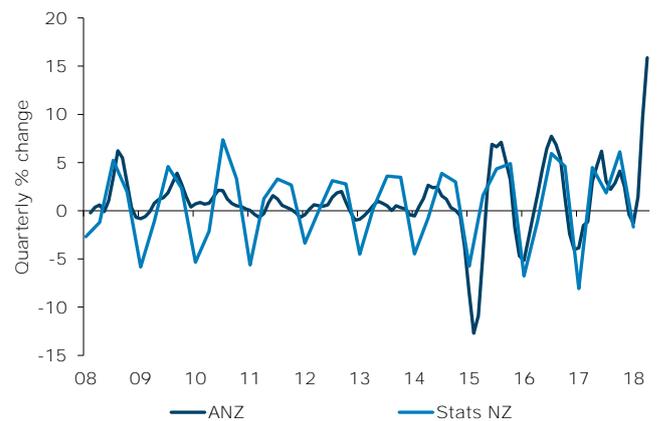
There is an ongoing process of alignment of the Gauge with the sources and methodology used by SNZ.<sup>3</sup> In recent months we have included 'Overseas accommodation prepaid in New Zealand' within the accommodation services component. Doing so has pushed the accommodation services index to a record high in September in what could be the start of a new and much stronger seasonal pattern (figure 3). Excluding the accommodation services component, the Gauge is running at 0.9% q/q and 2.4% y/y.

**Figure 2. Annual inflation measures**



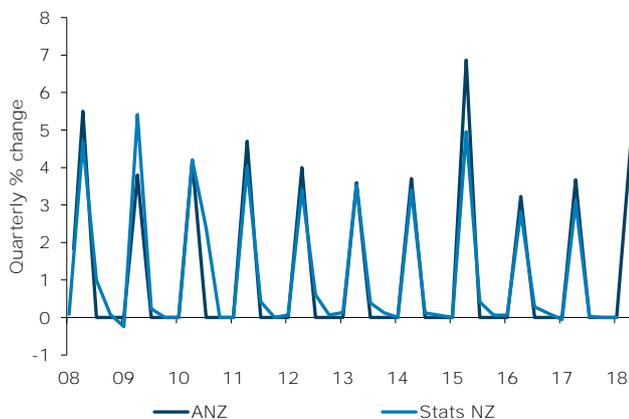
Source: ANZ Research, Statistics NZ

**Figure 3. Accommodation services**



Source: ANZ Research, Statistics NZ

**Figure 4. Rates**



Source: ANZ Research

**Figure 5. Domestic air transport**



Source: ANZ Research, Statistics NZ

<sup>3</sup> SNZ Consumers Price Index sources and methods are available on their website [here](#).



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