

6 November 2017

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WATCHING THE VIBE

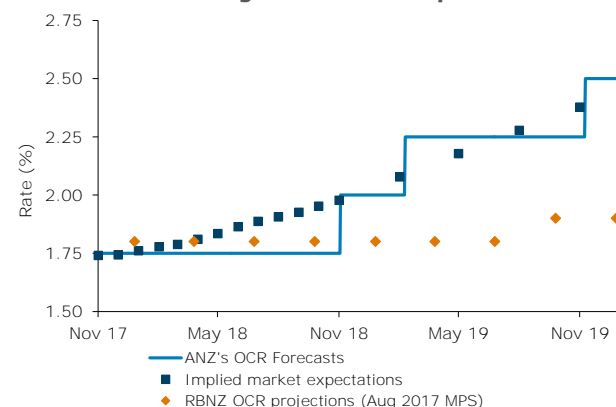
ECONOMIC OVERVIEW

Last week's labour market figures were strong, at least at face value. However, it is fair to say we are turning more circumspect on the near-term growth picture. Even ahead of recent political uncertainty, the chances of a growth air-pocket were high as the economy grappled with late-cycle challenges and a softer housing market. Political uncertainty adds to near-term risks, with the vibe from businesses turning jittery. In the face of a shifting policy mix, what firms say about their own activity and pricing, as well as the mix of investment and employment intentions going forward, will be critical to watch. This week, the RBNZ is likely to remain cautious too, even if inflation risks are pointing a little more one way. We suspect the RBNZ will feel there are still too many uncertainties to shift off its cautiously neutral message – we agree. Also this week, our Truckometer and Monthly Inflation Gauge will provide early signals on Q4 growth and inflation trends.

CHART OF THE WEEK

Despite likely changes to its growth and inflation forecasts, we see the RBNZ leaving its interest rate projections largely unchanged at this week's MPS.

ANZ OCR forecast against market expectations and RBNZ projections



Source: RBNZ, Bloomberg, 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	1.7% y/y for 2018 Q2	Base effects will see headline inflation ease over the next 12 months, but domestic and core inflation should lift gradually.	Neutral Negative Positive

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SUMMARY

Last week's labour market figures were strong, at least at face value. However, it is fair to say we are turning more circumspect on the near-term growth picture. Even ahead of recent political uncertainty, the chances of a growth air-pocket were high as the economy grappled with late-cycle challenges and a softer housing market. Political uncertainty adds to near-term risks, with the vibe from businesses turning jittery. In the face of a shifting policy mix, what firms say about their own activity and pricing, as well as the mix of investment and employment intentions going forward, will be critical to watch. This week, the RBNZ is likely to remain cautious too, even if inflation risks are pointing a little more one way. We suspect the RBNZ will feel there are still too many uncertainties to shift off its cautiously neutral message – we agree. Also this week, our Truckometer and Monthly Inflation Gauge will provide early signals on Q4 growth and inflation trends.

FORTHCOMING EVENTS

ANZ Commodity Prices – October (1:00pm, Monday, 6 November).

RBNZ Survey of Expectations – Q4 (3:00pm, Monday, 6 November). With petrol prices stabilising, inflation expectations should do the same. We expect the key 2-year ahead measure to be roughly unchanged from Q3's 2.09%.

Government Financial Statements – September (10:00am, Tuesday, 7 November). The fiscal position should continue to look strong and it will probably be too early to pick any softening in the economic backdrop (and tax revenue) relative to Treasury PREFU forecasts.

GlobalDairyTrade Auction (early am, Wednesday, 8 November). We are cautious on the near-term price outlook despite sluggish early-season local supply.

ANZ Truckometer – October (10:00am, Wednesday, 8 November).

ANZ Monthly Inflation Gauge – October (1:00pm, Wednesday, 8 November).

RBNZ Monetary Policy Statement (9:00am, Thursday, 9 November). The RBNZ will not only maintain the OCR at 1.75%, but also maintain a cautious, watchful stance. There will be changes to its growth and inflation forecasts, but we suspect its OCR projection will be left largely unchanged.

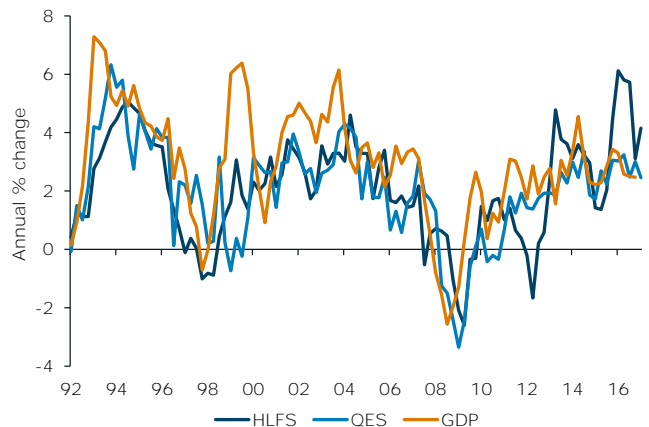
Electronic Card Transactions – October (10:45am, Friday, 10 November). Given the inherent volatility in this data, there is the possibility of a bounce. However, the underlying trend looks set to remain soft.

WHAT'S THE VIEW?

We'll start this week with some 'short points, quick returns'. It's an easy way to cover a number of topical issues.

- The labour market; is it really that strong?**
At face value, the Q3 figures were phenomenal. Employment growth of 2.2% q/q and another all-time high in the participation rate. What's not to like about that! However, we are a little sceptical when we not only look at some of the regional movements but also the alternative filled jobs measure rising only 0.2% q/q. Firms' hiring intentions and our own job ads series have actually been pointing to a softening pace of labour demand of late. We prefer the signals provided by the likes of the unemployment and underutilisation rates. The former fell to 4.6%, while the latter was stable at 11.8%. They suggest the labour market is tightening, but in a far more gradual fashion.

Figure 1: Employment and economic growth



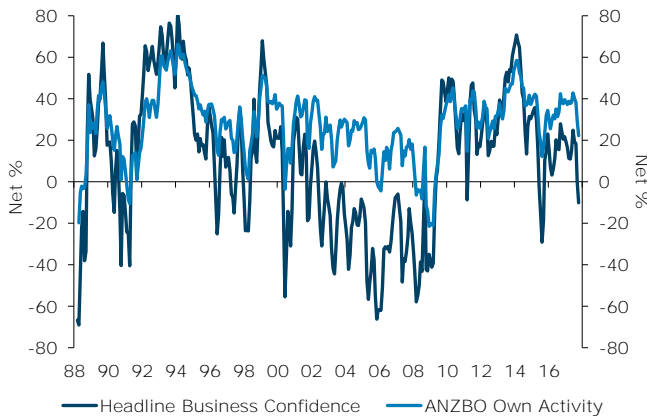
Source: Statistics NZ, ANZ Research

- Wage growth; little sign of acceleration yet.**
The private sector LCI was stable at 1.6% y/y in Q3 once the impact of the settlement with care and support workers is stripped out. **But a lift is coming.** Unemployment is falling, skills shortages are apparent, hikes in the minimum wage will proliferate across other wage bands and industrial relations policy is shifting.
- The vibe is jittery.** Our latest Business Outlook survey showed that sentiment has taken a hit from the heightened levels of policy uncertainty. **Three things need to be watched over the coming months.** The first is what respondents are telling us about their own firms' prospects. It's a good indicator of economic momentum; business confidence is a poor one. The second is potential tilts in investment and employment intentions as the prospective non-trivial rises in

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wages swing the pendulum towards capital investment. Will firms hunker down or move in that direction? Finally, the mix of activity and inflation. The economic policy mix is pointing to **slower growth and more inflation; that's not an earnings-friendly combination.**

Figure 2: Business confidence and firms' own activity expectations



Source: ANZ Research

- The risks of a possible growth air-pocket are rising.** Putting aside political uncertainty and a possible hit to sentiment, the economy has already been grappling with headwinds from the soft housing market, credit cycle, skilled labour shortages and a transition in terms of its growth drivers. There was always a decent chance of a wobble. In fact some of our bottom-up models are currently pointing to the possibility of sub-0.5% q/q GDP growth in Q3 – well before political uncertainty really took hold. If business sentiment was to take a further hit, the likelihood of soft Q4 growth would increase too.
- Consumer confidence and motor vehicle sales need to be eyed for signs of slower housing market activity proliferating into the broader economy.** Anecdotes on the latter have indeed turned sharply weaker of late. An easing in both consumer confidence and business confidence would be unwelcome. **It's hard to see** the property market lifting any time soon given pending extensions of the bright line test, possible tax changes (though a way off), tightening in migration, and affordability issues in Auckland. Perception matters and such changes will weigh on sentiment.
- Possible migration changes; what could they mean?** We have been asked about the growth implications of lower net migrant inflows, and it is fair to say that they risk lowering headline growth as demand pressures cool. However, that is far too simple an approach. For us, it is the *mix* of

possible migration changes that will be just as important as the *number*. If changes actually allow for more skilled workers to come in where there is a genuine shortage (and construction quickly springs to mind here), but limit those where there is no shortage, then that could potentially be growth enhancing if it were to ease capacity pressures. That is easier said than done of course, but this is certainly one area where the policy details will matter and we still await those.

- It's going to be a challenge for the new Government to hit their fiscal targets.** Real GDP growth is not going to hit the Treasury's assumed 3.2% and 3.7% in the years to June 2018 and 2019 respectively. Growth rates with a '2-handle' are more realistic for both years. That will hit tax revenue projections, although the potential for higher inflation might provide an offset. The 2019 and 2020 Budgets are looking too tight to manage, so some slippage will be likely. Bond issuance of \$10 billion per year is more likely than the \$7 billion flagged in the PREFU.
- The new policy landscape supports a lower NZD and higher interest rate mix to monetary conditions than would otherwise be the case.** We don't have firm estimates as to what degree yet as policy detail is still lacking, but it's a key issue we are grappling with.

Turning to the week ahead, we expect the OCR to be held at 1.75%, with a cautious and watchful stance to be maintained. When we look at what has changed since the September OCR Review (increased policy uncertainty, lower NZD, softer forward growth indicators, weaker housing market, higher inflation, and a solid global backdrop), it is far from a clear-cut picture. Developments have been mixed to say the least, no doubt leaving the RBNZ with the view that "numerous uncertainties remain". While changes to the fiscal policy landscape and some policy settings (i.e. industrial relations) present the most obvious factors that could alter the outlook for inflation, such changes are only potential at present and we don't have detail.

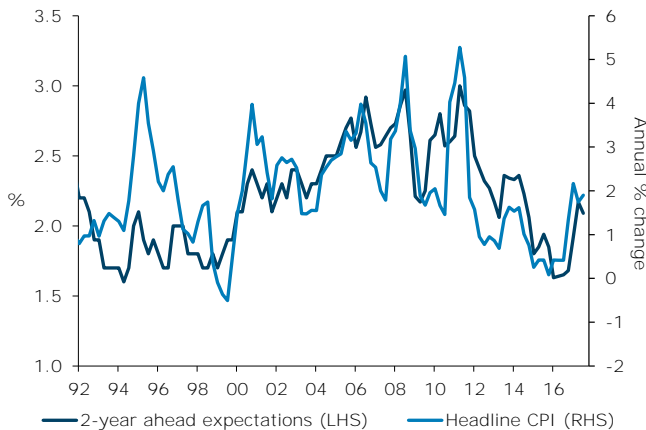
There will be some changes in the RBNZ's forecasts. The RBNZ already hinted in September that it would tweak its growth forecasts lower, and we expect the sequential pace to be lowered from 0.9-1.0% q/q towards perhaps 0.8% q/q – at least in the near term. And we think its projected drop in inflation to 0.7% y/y in Q1 2018 is now looking unrealistic given the higher starting point, lower NZD and perhaps even what we have learned on the government policy front. A trough slightly above 1%

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is now more likely. **However, we expect the changes to its interest rate projection to be small, if any.**

With regards to the data calendar, we expect the RBNZ's Survey of Expectations for Q4 later today to show broadly stable inflation expectations. In the Q3 survey the key 2-year ahead measure eased modestly from 2.17% to 2.09%. Subsequent to that we have seen headline CPI inflation surprise to the upside, petrol prices bounce, and the NZD fall. Given the tendency of these survey-based measures to follow headline inflation closely, at the very least we think that that points to stability in the 2-year ahead measure. At the margin, perhaps there is even the possibility of a little bit of upside.

Figure 3: Headline inflation and inflation expectations



Source: Statistics NZ, RBNZ, ANZ Research

The monthly Government financial statements (for the three months to September) may generate a little more interest than normal, but the picture should still look pretty good. In the 2017 full-year statements released last month, an underlying fiscal (OBEGAL) surplus of \$4.1bn was recorded, which was \$0.4bn ahead of Pre-Election Update forecasts. That surprise was almost entirely due to lower than expected core Crown expenses and we wouldn't be surprised if that positive starting point has continued into the September figures. However, one issue we will be watching is the fact that softer activity growth numbers could start to see revenue numbers begin to cool, although it is probably too soon to be picked up in these figures.

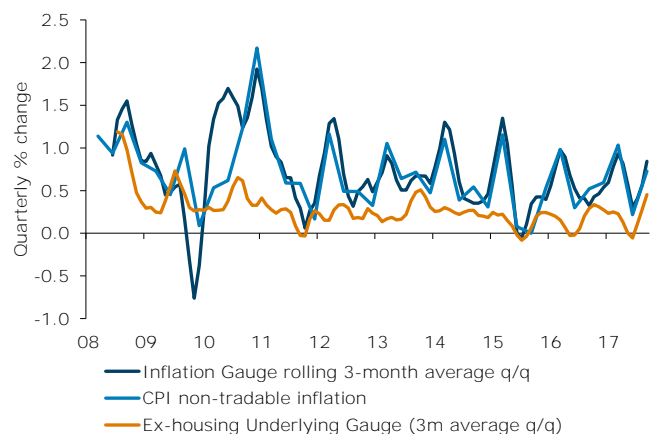
The balance between near-term demand and supply considerations remains the key focus with the next GlobalDairyTrade auction. NZX futures prices have slipped a little further since the last GDT auction, with whole milk powder prices now below USD3000/tonne across all contracts. While local early-season supply has been sluggish on the back of wet North Island conditions, Chinese demand

has arguably not been as strong as anticipated for the free-trade window. That demand has been replaced by the likes of other Asian and Middle Eastern buyers. However, they have a lower price point than Chinese buyers. On the back of this, together with a little more caution near term (notwithstanding the benefits of a lower NZD), we downgraded our forecast for the 2017/18 milk price modestly last month to \$6.25-\$6.50/kg MS.

Our Truckometer and Monthly Inflation Gauge for October will give an early read on Q4 activity and inflation.

- **Truckometer:** In September, the Heavy and Light Traffic indices fell 1.5% m/m and 0.1% m/m respectively. And when looking at quarterly change, the Heavy Traffic Index was actually down 1.4% q/q, which is the weakest result since 2012, although it followed strong results over the prior three quarters. Even so, it is consistent with other indicators that suggest the possibility of somewhat soggy GDP growth in Q3.
- **Monthly Inflation Gauge:** Prices rose 0.4% m/m in September, with the annual increase lifting to 2.8% y/y. The quarterly increase, at 0.8% q/q, was higher than normal for a September quarter, and that proved to be consistent with the subsequently released Q3 CPI figures, where non-tradable inflation experienced its biggest quarterly increase in four years (for a September quarter). The question therefore is whether this is the early sign of inflationary rumblings or just quarterly volatility. The October numbers will help shed a little more light.

Figure 4: Monthly Inflation Gauge and non-tradable CPI



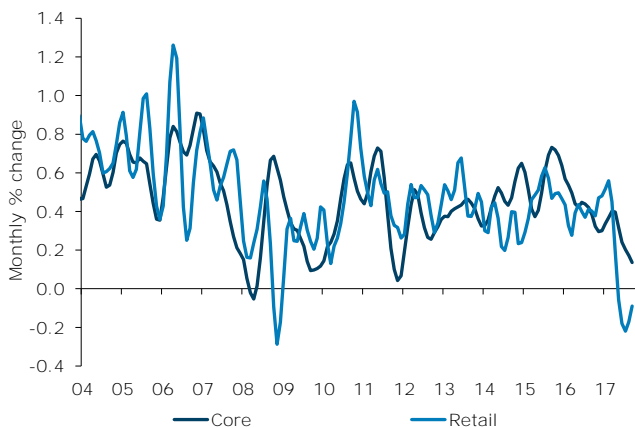
Source: Statistics NZ, ANZ Research

Finally, we expect Electronic Card Transaction figures for October to again show a modest underlying pace of retail spending growth. The monthly pace of retail spending has been especially

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weak of late, with the monthly trend running at -0.1% m/m. In fact, quarterly growth of -0.7% q/q is the weakest since early 2009. Certainly, lower fuel retailing, on the back of earlier falls in petrol prices, would have played a role. However, the trend in core spending has been soft too (running at only 0.1% m/m). Given the inherent volatility in these figures, **we wouldn't be surprised to see a strong bounce at some stage.** But the soft underlying trend is certainly looking a little entrenched, and that is something we are watching closely given the risks that the soft housing market spills over to the broader economy.

Figure 5: Electronic Card Transactions – monthly trend



Source: Statistics NZ, ANZ Research

LOCAL DATA

Building Consent Issuance – September.

Seasonally adjusted dwelling consents fell 2.3% m/m after rising 5.9% m/m in August.

ANZ Business Outlook – October. Headline confidence fell to a net -10%. Firms' own activity expectations fell 8 points to a net 22%.

Labour Market Statistics – Q3. Employment rose 2.2% q/q, while the participation rate surged 1%pts to 71.1%. The unemployment rate fell to 4.6%. Private sector LCI wages rose 0.7% q/q (1.9% y/y).

ANZ Job Ads – October. Total job ads lifted 0.9% m/m (sa) to be up 9% y/y (3-month average).

DATA EVENT CALENDAR

DATE	COUNTRY	DATA/EVENT	MKT.	LAST	NZ TIME
6-Nov	AU	Melbourne Institute Inflation MoM - Oct	--	0.3%	13:00
	AU	Melbourne Institute Inflation YoY - Oct	--	2.5%	13:00
	NZ	ANZ Commodity Price - Oct	--	0.8%	13:00
	JN	Nikkei PMI Services - Oct	--	51.0	13:30
	JN	Nikkei PMI Composite - Oct	--	51.7	13:30
	AU	ANZ Job Advertisements MoM - Oct	--	0.0%	13:30
	NZ	2Yr Inflation Expectation - Q4	--	2.1%	15:00
	GE	Factory Orders MoM - Sep	-1.1%	3.6%	20:00
	GE	Factory Orders WDA YoY - Sep	7.1%	7.8%	20:00
	GE	Markit Services PMI - Oct F	55.2	55.2	21:55
	GE	Markit/BME Composite PMI - Oct F	56.9	56.9	21:55
	EC	Markit Services PMI - Oct F	54.9	54.9	22:00
	EC	Markit Composite PMI - Oct F	55.9	55.9	22:00
	EC	Sentix Investor Confidence - Nov	31.0	29.7	22:30
	EC	PPI MoM - Sep	0.4%	0.3%	23:00
	EC	PPI YoY - Sep	2.7%	2.5%	23:00
	CH	BoP Current Account Balance - Q3 P	--	\$50.9B	UNSPECIFIED
7-Nov	AU	AiG Perf of Construction Index - Oct	--	54.7	11:30
	AU	ANZ-RM Consumer Confidence Index - 5-Nov	--	113.4	11:30
	AU	RBA Cash Rate Target - Nov	1.50%	1.50%	16:30
	AU	Foreign Reserves - Oct	--	A\$74.9B	18:30
	GE	Industrial Production SA MoM - Sep	-0.8%	2.6%	20:00
	GE	Industrial Production WDA YoY - Sep	4.4%	4.7%	20:00
	GE	Markit Construction PMI - Oct	--	53.4	21:30
	UK	Halifax House Prices MoM - Oct	0.1%	0.8%	21:30
	UK	Halifax House Price 3Mths/Year - Oct	4.5%	4.0%	21:30
	GE	Markit Retail PMI - Oct	--	52.8	22:10
	EC	Markit Retail PMI - Oct	--	52.3	22:10
	EC	Retail Sales MoM - Sep	0.6%	-0.5%	23:00
	EC	Retail Sales YoY - Sep	2.8%	1.2%	23:00
	CH	Foreign Reserves - Oct	\$3107.5B	\$3108.5B	UNSPECIFIED
8-Nov	US	JOLTS Job Openings - Sep	6053	6082	04:00
	US	Consumer Credit - Sep	\$17.500B	\$13.065B	09:00
	NZ	ANZ Truckometer Heavy MoM - Oct	--	-1.5%	10:00
	NZ	ANZ Monthly Inflation Gauge MoM - Oct	--	0.4%	13:00
	CH	Imports YoY - Oct	16.8%	18.6%	UNSPECIFIED
	CH	Exports YoY - Oct	7.0%	8.1%	UNSPECIFIED
	CH	Trade Balance - Oct	\$39.45B	\$28.61B	UNSPECIFIED
9-Nov	US	MBA Mortgage Applications - 3-Nov	--	-2.6%	01:00
	NZ	RBNZ Official Cash Rate - Nov	1.75%	1.75%	09:00
	JN	BoP Current Account Balance - Sep	¥2375.4B	¥2380.4B	12:50
	JN	BoP Current Account Adjusted - Sep	¥2053.3B	¥2266.9B	12:50
	JN	Trade Balance BoP Basis - Sep	¥829.5B	¥318.7B	12:50
	UK	RICS House Price Balance - Oct	4%	6%	13:01
	AU	Home Loans MoM - Sep	2.0%	1.0%	13:30
	AU	Investment Lending - Sep	--	4.3%	13:30
	AU	Owner-Occupier Loan Value MoM - Sep	--	0.9%	13:30
	CH	CPI YoY - Oct	1.7%	1.6%	14:30

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DATA EVENT CALENDAR

DATE	COUNTRY	DATA/EVENT	MKT.	LAST	NZ TIME
9-Nov	CH	PPI YoY - Oct	6.6%	6.9%	14:30
	GE	Trade Balance - Sep	€22.0B	€20.1B	20:00
	GE	Current Account Balance - Sep	€23.5B	€17.8B	20:00
	GE	Exports SA MoM - Sep	-1.3%	2.9%	20:00
	GE	Imports SA MoM - Sep	0.4%	1.1%	20:00
	EC	ECB Publishes Economic Bulletin			22:00
10-Nov	US	Initial Jobless Claims - 4-Nov	232k	229k	02:30
	US	Continuing Claims - 28-Oct	1885k	1884k	02:30
	US	Wholesale Trade Sales MoM - Sep	--	1.7%	04:00
	US	Wholesale Inventories MoM - Sep F	0.3%	0.3%	04:00
	NZ	Card Spending Retail MoM - Oct	0.6%	0.1%	10:45
	NZ	Card Spending Total MoM - Oct	--	-0.1%	10:45
	UK	Industrial Production MoM - Sep	0.3%	0.2%	22:30
	UK	Industrial Production YoY - Sep	1.9%	1.6%	22:30
	UK	Manufacturing Production MoM - Sep	0.3%	0.4%	22:30
	UK	Manufacturing Production YoY - Sep	2.4%	2.8%	22:30
	UK	Construction Output SA MoM - Sep	-0.9%	0.6%	22:30
	UK	Construction Output SA YoY - Sep	1.6%	3.5%	22:30
	UK	Visible Trade Balance GBP/Mn - Sep	-£12800	-£14245	22:30
	UK	Trade Balance Non EU GBP/Mn - Sep	-£4500	-£5835	22:30
	UK	Trade Balance - Sep	-£4600	-£5626	22:30
	CH	Money Supply M2 YoY - Oct	9.2%	9.2%	10-15 Nov
	CH	Money Supply M1 YoY - Oct	13.7%	14.0%	10-15 Nov
	CH	Money Supply M0 YoY - Oct	7.0%	7.2%	10-15 Nov
	CH	New Yuan Loans CNY - Oct	775.0B	1270.0B	10-15 Nov
	CH	Aggregate Financing CNY - Oct	1102.5B	1819.9B	10-15 Nov
	NZ	REINZ House Sales YoY - Oct	--	-26.2%	10-15 Nov
11-Nov	UK	NIESR GDP Estimate - Oct	--	0.4%	02:00
	US	U. of Mich. Sentiment - Nov P	100.6	100.7	04:00

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

The risk profile for the near-term growth picture is looking more skewed to the downside. Housing, capacity and credit headwinds exist. However, we still see growth holding in a 2½-3% range over the next couple of years. While medium-term inflation risks look to be shifting, we doubt that will be enough to alter the outlook for the OCR much; it looks set to be on hold for some time yet.

DATE	DATA/EVENT	ECONOMIC SIGNAL	COMMENT
Mon 6 Nov (1:00pm)	ANZ Commodity Price Index – Oct	--	--
Mon 6 Nov (3:00pm)	RBNZ Survey of Expectations – Q4	Stable to lower	With petrol prices stabilising, inflation expectations should do the same.
Wed 7 Nov (early am)	GlobalDairyTrade Auction	Cautious	The market is nervous around local supply. However, Chinese demand hasn't been as strong as anticipated.
Wed 8 Nov (10:00am)	ANZ Truckometer – Oct	--	--
Wed 8 Nov (1:00pm)	ANZ Monthly Inflation Gauge – 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 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.
13-17 Nov	REINZ Housing Market Statistics – Oct	Soft	We suspect softer housing market sentiment and activity could persist.
Mon 13 Nov (10:45am)	Food Price Index – Oct	Upward march?	Higher export commodity prices suggest an upward skew to the outlook for retail food prices.
Tue 14 Nov (10:45am)	Retail Trade Survey – Q3	Pause	After a run of strong growth, in part due to tourism activity, a softer performance (perhaps even a fall) is possible.
Thu 16 Nov (1:00pm)	ANZ-Roy Morgan Consumer Confidence – Nov	--	--
Fri 17 Nov (10:30am)	BNZ-BusinessNZ PMI – Oct	Steady?	Political change can be unsettling. Important to watch to see if there will be any growth impact.
Fri 17 Nov (10:45am)	PPI – Q3	Look through	Commodity prices and wholesale electricity prices typically throw things around.
Mon 20 Nov (10:30am)	BNZ-BusinessNZ PSI – Oct	Steady?	Political change can be unsettling. Important to watch to see if there will be any growth impact.
Wed 22 Nov (early am)	GlobalDairyTrade Auction	Cautious	The market is getting nervous around local supply, which is off to a slow start. However, Chinese demand hasn't been as strong as anticipated.
Wed 22 Nov (10:45am)	International Travel & Migration – Oct	Passed the peak	Even before potential policy changes, it appears net inflows have started to cool.
Fri 24 Nov (10:45am)	Overseas Merchandise Trade – Oct	Mixed	Strong commodity prices should continue to support, but thrown around by numerous other forces.
Thu 30 Nov (10:45am)	Building Consent Issuance – Oct	Steady	We still see annual dwelling consent issuance struggling to push much above 30k.
Fri 1 Dec (10:45am)	Overseas Trade Indexes – Q3	Flat	We see the terms of trade holding broadly steady at near historic highs.
Tue 5 Dec (10:45am)	Building Work Put in Place – Q3	Mixed	There is the potential for a bounce, but we believe the upside is capped by capacity pressures.
Tue 5 Dec (1:00pm)	ANZ Commodity Price Index – Nov	--	--
Wed 6 Dec (early am)	GlobalDairyTrade Auction	Cautious	The market is nervous around local supply. However, Chinese demand hasn't been as strong as anticipated.
Wed 6 Dec (10:00am)	ANZ Job Ads – Nov	--	--
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	0.5	0.1	0.7	0.4	0.7	0.3	0.7	0.4	0.6
CPI (% yoy)	1.7	1.9	1.6	1.2	1.7	1.9	2.1	2.2	2.1	2.0
Employment (% qoq)	-0.1	2.2	-0.5	0.5	0.4	0.4	0.3	0.3	0.3	0.3
Employment (% yoy)	3.1	4.1	2.8	2.1	2.6	0.8	1.6	1.4	1.3	1.2
Unemployment Rate (% sa)	4.8	4.6	4.7	4.6	4.5	4.5	4.4	4.4	4.4	4.4
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

	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17
Retail ECT (% mom)	2.5	-0.6	-0.3	1.0	-0.3	-0.1	-0.6	0.1	0.1	--
Retail ECT (% yoy)	5.6	2.6	5.6	4.5	5.2	4.5	2.0	4.4	2.9	--
Credit Card Billings (% mom)	0.4	-1.3	1.0	1.0	0.9	0.2	0.7	-0.7	0.7	--
Credit Card Billings (% yoy)	7.1	5.4	7.2	6.6	7.6	8.3	7.0	6.4	4.9	--
Car Registrations (% mom)	1.6	0.4	3.5	-2.8	3.7	-2.7	-4.6	9.2	-1.7	2.5
Car Registrations (% yoy)	12.2	7.3	16.5	3.0	13.7	11.1	6.2	13.5	15.6	7.3
Building Consents (% mom)	3.9	16.5	-2.3	-8.1	7.1	-0.7	1.7	10.2	-2.3	--
Building Consents (% yoy)	-1.0	8.9	17.3	-3.3	6.1	-8.9	-2.3	14.4	7.5	--
REINZ House Price Index (% yoy)	12.9	12.0	10.1	8.0	5.2	2.9	1.1	0.4	2.1	--
Household Lending Growth (% mom)	0.5	0.5	0.5	0.5	0.4	0.5	0.3	0.4	0.5	--
Household Lending Growth (% yoy)	8.9	8.7	8.7	8.3	7.9	7.6	7.1	6.7	6.5	--
ANZ Roy Morgan Consumer Conf.	128.7	127.4	125.2	121.7	123.9	127.8	125.4	126.2	129.9	126.3
ANZ Business Confidence	..	16.6	11.3	11.0	14.9	24.8	19.4	18.3	0.0	-10.1
ANZ Own Activity Outlook	..	37.2	38.8	37.7	38.3	42.8	40.3	38.2	29.6	22.2
Trade Balance (\$m)	-227	-42	262	547	62	243	91	-1179	-1143	--
Trade Bal (\$m ann)	51901	52087	52404	52588	53218	53530	53742	53982	54049	--
ANZ World Comm. Price Index (% mom)	-0.1	2.0	0.4	-0.2	3.2	2.1	-0.8	-0.8	0.8	--
ANZ World Comm. Price Index (% yoy)	19.1	20.9	23.0	23.7	26.3	24.6	21.1	16.3	11.5	--
Net Migration (sa)	6320	5920	6150	5810	5930	6300	5710	5420	5200	--
Net Migration (ann)	71305	71333	71932	71885	71964	72305	72402	72072	70986	--
ANZ Heavy Traffic Index (% mom)	-0.9	2.0	1.5	-2.2	4.0	-0.5	-6.0	6.5	-1.5	--
ANZ Light Traffic Index (% mom)	-0.3	0.8	1.3	-1.4	1.2	1.2	-2.2	2.7	-0.1	--

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)						
	Sep-17	Oct-17	Today	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19
NZD/USD	0.721	0.684	0.691	0.73	0.73	0.73	0.70	0.68	0.67	0.65
NZD/AUD	0.920	0.893	0.904	0.90	0.89	0.88	0.91	0.92	0.93	0.93
NZD/EUR	0.610	0.588	0.595	0.60	0.62	0.63	0.63	0.59	0.56	0.53
NZD/JPY	81.11	77.56	78.88	81.8	80.3	76.7	70.0	68.0	67.0	65.0
NZD/GBP	0.538	0.518	0.529	0.55	0.57	0.57	0.55	0.52	0.51	0.49
NZ\$ TWI	74.4	71.4	73.7	74.3	74.6	74.5	72.6	70.5	69.0	67.0
INTEREST RATES	Sep-17	Oct-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	1.94	1.94	1.96	1.97	1.98	2.08	2.34	2.50	2.50
NZ 10-yr bond	2.97	2.92	2.84	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	1.33	1.38	1.39	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	1.71	1.69	1.70	1.70	1.70	1.70	1.80	1.80	1.80	1.80

	3 Oct	30 Oct	31 Oct	1 Nov	2 Nov	3 Nov
Official Cash Rate	1.75	1.75	1.75	1.75	1.75	1.75
90 day bank bill	1.94	1.94	1.94	1.94	1.95	1.94
NZGB 03/19	1.91	1.87	1.86	1.87	1.86	1.86
NZGB 05/21	2.24	2.18	2.14	2.15	2.12	2.10
NZGB 04/23	2.54	2.49	2.44	2.45	2.41	2.38
NZGB 04/27	2.98	2.98	2.92	2.93	2.89	2.85
2 year swap	2.21	2.16	2.15	2.17	2.16	2.16
5 year swap	2.75	2.66	2.62	2.64	2.62	2.61
RBNZ TWI	76.07	73.07	72.92	73.26	73.41	73.51
NZD/USD	0.7175	0.6860	0.6841	0.6911	0.6905	0.6907
NZD/AUD	0.9179	0.8933	0.8931	0.8997	0.8969	0.9028
NZD/JPY	81.09	77.91	77.55	78.79	78.78	78.79
NZD/GBP	0.5412	0.5211	0.5177	0.5193	0.5222	0.5283
NZD/EUR	0.6103	0.5894	0.5882	0.5937	0.5928	0.5951
AUD/USD	0.7817	0.7679	0.7659	0.7682	0.7699	0.7650
EUR/USD	1.1756	1.1638	1.1630	1.1642	1.1648	1.1608
USD/JPY	113.02	113.58	113.37	114.00	114.09	114.07
GBP/USD	1.3258	1.3164	1.3213	1.3308	1.3222	1.3077
Oil (US\$/bbl)	50.42	54.15	54.38	54.30	54.54	55.64
Gold (US\$/oz)	1271.12	1271.88	1273.01	1278.92	1276.00	1269.91
Electricity (Haywards)	3.54	6.76	7.79	7.40	7.44	7.62
Baltic Dry Freight Index	1308	1534	1522	1496	1482	1482
NZX WMP Futures (US\$/t)	3280	2955	2950	2940	2940	2940

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