

NEW ZEALAND MARKET FOCUS

11 September 2017

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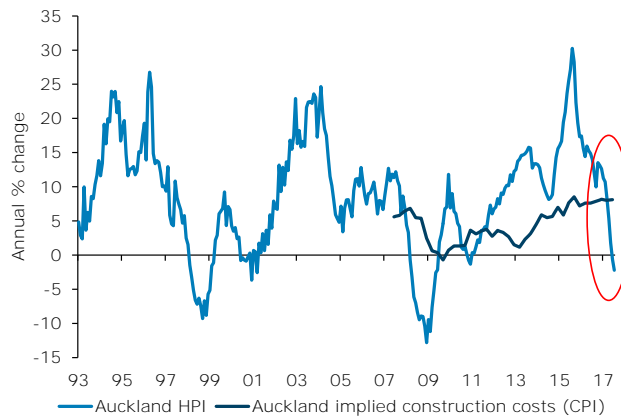
ECONOMIC OVERVIEW

From housing and its potential spill-overs, to politics and spending promises, there is a number of factors we are currently watching that could shape the economy's growth performance over the next couple of years. Even though the economy is transitioning as some of its previous growth drivers have peaked (or are peaking), we are still generally constructive and see growth broadly holding around trend. That said, we are mindful that election and policy uncertainty could lead to a bit of a growth air-pocket over the next six months or so, as the time-value option for firms is to watch and wait. The weaker housing market – and the potential for this to spill over into spending – is also shifting the risk profile. Data this week will be dominated by a number of our proprietary indicators that will provide timely updates on growth, inflation and sentiment trends.

CHART OF THE WEEK

With Auckland house prices falling, but construction costs still rising, that is a challenging combination for developers, which already run razor-thin margins.

Auckland house prices versus implied construction costs



Source: ANZ, Statistics NZ, REINZ

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

From housing and its potential spill-overs, to politics and spending promises, there is a number of factors we are currently watching that could shape the economy's growth performance over the next couple of years. Even though the economy is transitioning as some of its previous growth drivers have peaked (or are peaking), we are still generally constructive and see growth broadly holding around trend. That said, we are mindful that election and policy uncertainty could lead to a bit of a growth air-pocket over the next six months or so, as the time-value option for firms is to watch and wait. The weaker housing market – and the potential for this to spill over into spending – is also shifting the risk profile. Data this week will be dominated by a number of our proprietary indicators that will provide timely updates on growth, inflation and sentiment trends.

FORTHCOMING EVENTS

REINZ Housing Market Statistics – August

(perhaps early this week). Market activity has weakened, especially in Auckland. We expect recent themes to persist.

ANZ Monthly Inflation Gauge – August (1:00pm, Monday, 11 September).

ANZ Truckometer – August (10:00am, Tuesday, 12 September).

Food Price Index – August (10:45am, Wednesday, 13 September). Strength in New Zealand's export commodity prices should see food price inflation lift over time. However, timing effects could create some noise.

ANZ-Roy Morgan Consumer Confidence – September (1:00pm, Thursday, 14 September).

BNZ-BusinessNZ PMI – August (10:30am, Friday, 15 September). The index has been hovering at a broadly decent level. We don't see that changing much.

BNZ-BusinessNZ PSI – August (10:30am, Monday, 18 September). Like its PMI cousin, the index has been holding broadly stable at a decent level.

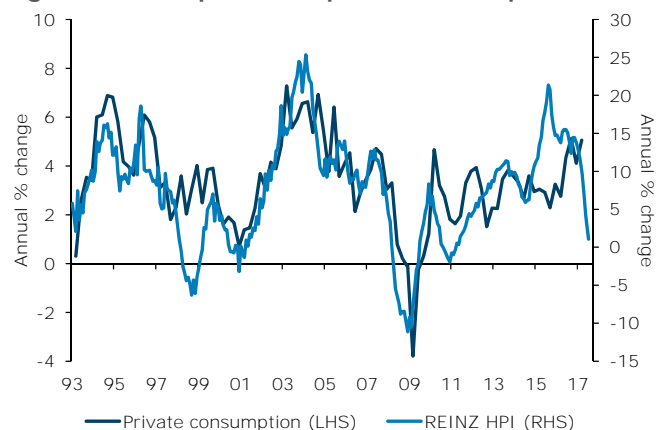
WHAT'S THE VIEW?

We'll start this week in somewhat of a 'short points, quick returns' type style. Below are our quick thoughts on some of the issues that are shaping the domestic economic backdrop at present. They are the views we have bouncing around on various topics, and they are also the themes we are watching closely to assess the risks around our central path for the economy (and therefore our forecasts).

- **Housing market activity will remain soft.**

While there is still a risk that the market takes off again, as it has done a number of times in the past (especially as the initial impact of macro-prudential measures wears off), we don't see that occurring this time around. Yes, a demand-supply imbalance remains in the likes of Auckland, net migration inflows remain near all-time highs, and the supply response is a little lacklustre. All of this should ensure that prices find some degree of support. However, with the interest-rate cycle tailwind behind us, banks more restrictive in terms of new lending, the regulator looking at higher levels of bank capital, and affordability biting, there are some key forces capping the upside.

Figure 1: House prices and private consumption



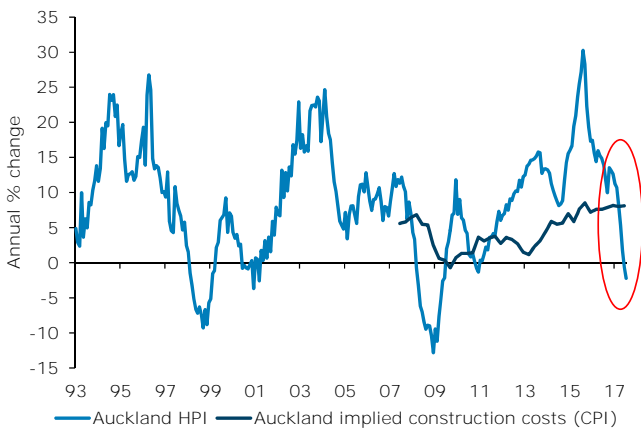
Source: ANZ, REINZ, Statistics NZ

- **There will be negative spill-overs, but they will ultimately be contained.** History suggests that a weaker housing market will weigh on household spending and growth. We certainly see that occurring across some pockets (spending on big-ticket items like vehicle sales, especially). We also suspect there will be fallout in the developer space, with rising construction costs and falling house prices in Auckland a particularly challenging combination, especially when margins are already razor thin. However, the fact that household disposable income growth is expected to remain solid should help soften the blow. The housing market provided less of a wider spending boost on the way up than historically it has tended to do; we suspect the converse will hold on the way down too. Our eyes are on consumer confidence and motor vehicle sales for signs of potential seepage.
- **The economy is transitioning.** We have reached 'peak' construction and probably 'peak' tourists too (at least for now) as capacity constraints bite. So two major growth drivers are turning to drags (or at least are no longer contributing to growth). The

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peak growth contribution from migration is likely behind us too. However, things like the support provided by terms of trade strength and what is shaping as a significant fiscal impulse (see below) will help fill the growth void.

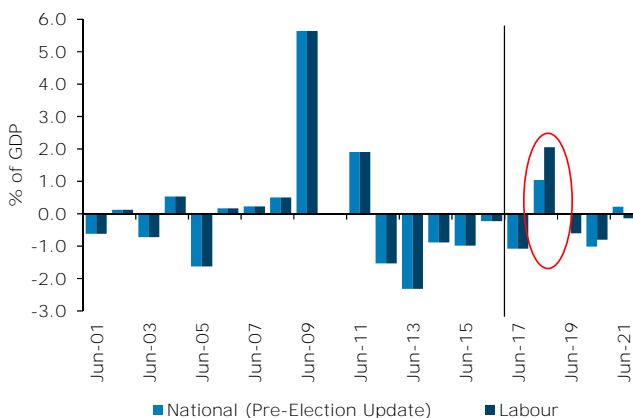
Figure 2: Auckland house prices versus implied construction costs



Source: ANZ, REINZ, Statistics NZ

- The fiscal impulse over 2018/19 is looking large.** Under the Pre-Election Update numbers, the core Crown fiscal impulse averages 0.6% of GDP per year over FY18 and FY19 after averaging a drag of 1.0% of GDP per year over the prior five years. However, it's fair to see the pre-election numbers are now looking a little undercooked given announcements in the last month. Based on Labour's current fiscal projections (and using the change in the core Crown residual cash balance as a rough guide), we estimate that the impulse in FY18 under a Labour government could actually be up towards 2%.

Figure 3: Estimated fiscal impulse (change in core Crown residual cash balance)



Source: ANZ, Labour, Treasury

- We're mindful that election and policy uncertainty could contribute to a growth air-pocket over the coming months.** Polls are showing the election outcome will be close, and we doubt we'll know the make-up of the Government on election night. While both major parties are still, importantly, talking about maintaining surpluses and paying down debt, there are differences with regards to tax, housing, and industrial relations policies (to highlight a few). And when there is policy uncertainty, the time-value option for firms is to watch and wait with regards to hiring and investment decisions. We've seen that very dynamic around previous elections – and of course globally of late too. GDP figures for Q4 2017 and Q1 2018 could be soft as a result, although we'd view that as a temporary blip.
- Bank funding pressures have eased, but they haven't disappeared.** The gap between household lending and deposit growth has narrowed. Much of the hard work has been done. At the margin that suggests less competition for domestic deposits. However, with an external borrowing constraint persisting (given more scrutiny from the regulator and credit rating agencies), lending growth is unlikely to accelerate unless deposit growth does the same. The latter will thus act as somewhat of a restraint on the former, suggesting tighter lending conditions are here to stay.
- Wage growth is at its lows, and should rise.** While we are buyers of the view that secular forces will continue to influence, we don't believe the Phillips Curve relationship (between labour market spare capacity and wages) is completely dead. Firms are telling us they can't find staff. We suspect wage growth will respond to that shortly (on top of the likes of the aged-care equity settlement), even if only modestly.
- The NZD will remain under pressure into year's end, but we can't see it falling too far.** We've seen globally that political and policy uncertainty can weigh on a currency: it's New Zealand's turn. But not only that, some of the relativities that were previously providing clear boosts to the NZD (growth, yield, stability, unemployment rate etc) are now starting to look less rosy, largely as other economies have picked up their game. That said, with the terms of trade effectively at all-time highs, external imbalances largely in check, and a sensible policy agenda expected to remain once the election mist clears, there remain key factors underpinning NZD valuations.

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- **We're still biased towards eventual OCR hikes, but it's hardly a conviction view.**

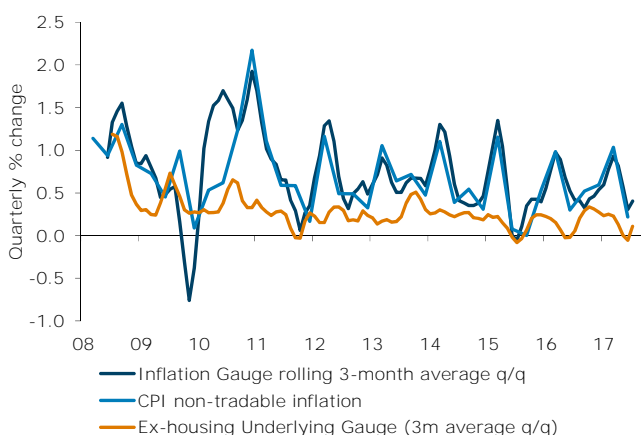
Stronger fiscal spend, lower NZD, and a lift in wage inflation all support the argument that there will be OCR hikes in time. However, at a time when secular deflationary forces remain, and above-trend growth could be hard to achieve with some of the key pro-cyclical parts of the economy (housing, construction and durables spending) weakening, getting inflation up in a sustained fashion is going to be a challenge. We're sympathetic to the view that the OCR is on hold indefinitely.

So there are a number of moving parts. Overall, we see the economy continuing to perform reasonably well. Our forecasts portray an economy growing broadly around trend over the next couple of years. However, it may not be a smooth ride. It is fair to say that the risk profile surrounding the domestic economy has shifted a little. Beyond global economic risks, which remain ever-present, we are mindful of the potential for weaker housing market activity to broaden. It only reinforces that the OCR is on hold for some time yet.

Turning to the week ahead, the calendar is dominated by a number of our proprietary gauges that should provide timely updates on inflation, sentiment and growth trends.

- **Monthly Inflation Gauge for August.** Prices in the Gauge rose 0.4% m/m in July, which was the largest monthly increase since January. However, the overall story was still one of price pressures remaining benign outside of housing. In fact, the Underlying Ex-housing Gauge rose 0.1% m/m in July, to be up a meagre 0.7% y/y. This picture will need to change, and evidence of price pressures broadening, before the RBNZ would even consider withdrawing policy stimulus.

Figure 4: Monthly Inflation Gauge and non-tradable CPI



Source: ANZ, Statistics NZ

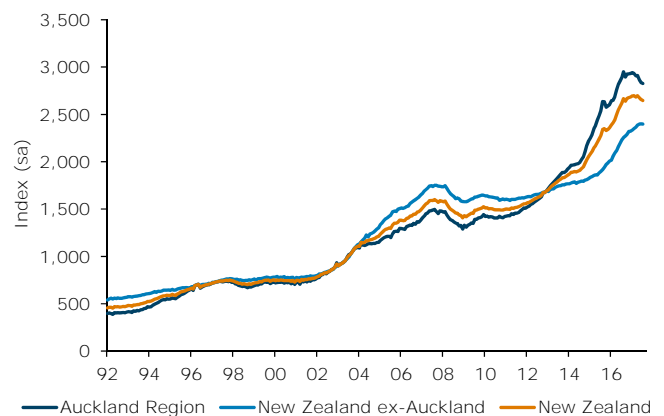
- **Truckometer for August.** At first blush, the July figures seemed alarming, with the Heavy Traffic and Light Traffic indices falling 5.5% m/m and 2.2% m/m respectively. However, we suspect the unusually dire weather over the month had a large part to play. And if that is the case, then a bounce can be expected in August. Looking through the noise, both indices have continued to provide a reasonable signal on economic momentum.
- **Roy Morgan Consumer Confidence for September.** Consumer sentiment is one of the key gauges we are watching at present as it will likely be the early warning indicator for whether the weaker housing market is going to spill over into household spending – as would be the historical tendency. However, there are few signs of this to date. In fact, consumer sentiment has remained elevated, even rising slightly in August.

And on the housing market, we expect REINZ housing market figures for August to come out over the next few days. Below is what we said on the numbers in last week's Market Focus.

We expect recent soft trends to have persisted.

In July, national sales volumes fell a further 9% m/m (sa), taking them to the lowest levels since November 2011. The REINZ House Price Index also fell for the third consecutive month, to be up just 1.2% y/y, the softest growth since mid-2011. Softer activity is a national story, although Auckland is certainly coping it hardest (but that is not surprising, given affordability pressures), with turnover down 31% y/y (compared with the rest of the country down 21%), and prices down 2.2% y/y (prices are up 7.5% y/y ex-Auckland). Given the uncertainty surrounding the election, tighter lending conditions (both LVR restrictions and from the banks themselves), a turn in the interest rate cycle, and just a general turn in sentiment, we see this weak backdrop persisting for a while yet.

Figure 5: Regional house prices



Source: ANZ, REINZ

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And finally, the BusinessNZ manufacturing and services sector sentiment gauges are likely to continue to hold at reasonable levels. While both gauges fell in July, to 55.4 and 56.0 respectively, they ultimately remain in familiar ranges, and like a number of our activity gauges, point to an ongoing decent pace of activity momentum.

LOCAL DATA

Building Work Put in Place – Q2. Total building volumes fell 0.5% q/q.

ANZ Commodity Price Index – August. The world price index slipped 0.8% m/m.

GlobalDairyTrade Auction. The GDT-TWI rose 0.3%, while wholemilk powder prices fell 1.6%.

ANZ Job Advertisements – August. Total advertising rose 1.0% m/m.

Economic Survey of Manufacturing – Q2. Total sales volumes rose 1.0% q/q.

Electronic Card Transactions – August. Total retail spending fell 0.2% m/m. Core spending also fell 0.2% m/m.

DATA EVENT CALENDAR

DATE	COUNTRY	DATA/EVENT	MKT.	LAST	NZ TIME
11-Sep	NZ	ANZ Monthly Inflation Gauge - Aug	--	0.4%	13:00
	NZ	REINZ House Sales YoY - Aug	--	-24.5%	11-14 Sep
	CH	Money Supply M2 YoY - Aug	9.1%	9.2%	11-15 Sep
	CH	Money Supply M1 YoY - Aug	14.8%	15.3%	11-15 Sep
	CH	Money Supply M0 YoY - Aug	6.0%	6.1%	11-15 Sep
	CH	New Yuan Loans CNY - Aug	950.0B	825.5B	11-15 Sep
	CH	Aggregate Financing CNY - Aug	1280.0B	1220.6B	11-15 Sep
12-Sep	NZ	ANZ Truckometer Heavy MoM - Aug	--	-5.5%	10:00
	AU	ANZ-RM Consumer Confidence Index - 10-Sep	--	114.1	11:30
	AU	NAB Business Conditions - Aug	--	15	13:30
	AU	NAB Business Confidence - Aug	--	12	13:30
	AU	Credit Card Purchases - Jul	--	A\$26.7B	13:30
	AU	Credit Card Balances - Jul	--	A\$52.4B	13:30
	UK	CPI MoM - Aug	0.5%	-0.1%	20:30
	UK	CPI YoY - Aug	2.8%	2.6%	20:30
	UK	CPI Core YoY - Aug	2.5%	2.4%	20:30
	UK	Retail Price Index - Aug	274.4	272.9	20:30
	UK	RPI MoM - Aug	0.6%	0.2%	20:30
	UK	RPI YoY - Aug	3.8%	3.6%	20:30
	UK	RPI Ex Mort Int.Payments (YoY) - Aug	4.0%	3.9%	20:30
	UK	PPI Input NSA MoM - Aug	1.3%	0.0%	20:30
	UK	PPI Input NSA YoY - Aug	7.3%	6.5%	20:30
	UK	PPI Output NSA MoM - Aug	0.1%	0.1%	20:30
	UK	PPI Output NSA YoY - Aug	3.1%	3.2%	20:30
	UK	PPI Output Core NSA MoM - Aug	0.1%	0.1%	20:30
	UK	PPI Output Core NSA YoY - Aug	2.3%	2.4%	20:30
	UK	House Price Index YoY - Jul	4.8%	4.9%	20:30
	US	NFIB Small Business Optimism - Aug	104.9	105.2	22:00
13-Sep	US	JOLTS Job Openings - Jul	5975	6163	02:00
	NZ	Food Prices MoM - Aug	--	-0.2%	10:45
	AU	Westpac Consumer Conf Index - Sep	--	95.5	12:30
	AU	Westpac Consumer Conf SA MoM - Sep	--	-1.2%	12:30
	GE	Wholesale Price Index MoM - Aug	--	-0.1%	18:00
	GE	Wholesale Price Index YoY - Aug	--	2.2%	18:00
	GE	CPI MoM - Aug F	0.1%	0.1%	18:00
	GE	CPI YoY - Aug F	1.8%	1.8%	18:00
	GE	CPI EU Harmonized MoM - Aug F	0.2%	0.2%	18:00
	GE	CPI EU Harmonized YoY - Aug F	1.8%	1.8%	18:00
	EC	Employment QoQ - 2Q	--	0.4%	19:00
	EC	Employment YoY - 2Q	--	1.5%	19:00
	UK	Claimant Count Rate - Aug	--	2.3%	20:30
	UK	Jobless Claims Change - Aug	--	-4.2k	20:30
	UK	Average Weekly Earnings 3M/YoY - Jul	2.3%	2.1%	20:30
	UK	Weekly Earnings ex Bonus 3M/YoY - Jul	2.2%	2.1%	20:30
	UK	ILO Unemployment Rate 3Mths - Jul	4.4%	4.4%	20:30
	UK	Employment Change 3M/3M - Jul	154k	125k	20:30
	EC	Industrial Production SA MoM - Jul	0.1%	-0.6%	21:00
	EC	Industrial Production WDA YoY - Jul	3.3%	2.6%	21:00

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DATA EVENT CALENDAR

DATE	COUNTRY	DATA/EVENT	MKT.	LAST	NZ TIME
13-Sep	US	MBA Mortgage Applications - 8-Sep	--	3.3%	23:00
14-Sep	US	PPI Final Demand MoM - Aug	0.3%	-0.1%	00:30
	US	PPI Final Demand YoY - Aug	2.5%	1.9%	00:30
	US	PPI Ex Food and Energy MoM - Aug	0.2%	-0.1%	00:30
	US	PPI Ex Food and Energy YoY - Aug	2.1%	1.8%	00:30
	US	Monthly Budget Statement - Aug	-\$130.0B	-\$42.9B	06:00
	UK	RICS House Price Balance - Aug	0%	1%	11:01
	NZ	ANZ Consumer Confidence Index - Sep	--	126.2	13:00
	NZ	ANZ Consumer Confidence MoM - Sep	--	0.6%	13:00
	AU	Consumer Inflation Expectation - Sep	--	4.2%	13:00
	AU	Employment Change - Aug	19.0k	27.9k	13:30
	AU	Unemployment Rate - Aug	5.6%	5.6%	13:30
	AU	Full Time Employment Change - Aug	--	-20.3k	13:30
	AU	Part Time Employment Change - Aug	--	48.2k	13:30
	AU	Participation Rate - Aug	65.1%	65.1%	13:30
	CH	Retail Sales YoY - Aug	10.5%	10.4%	14:00
	CH	Retail Sales YTD YoY - Aug	10.4%	10.4%	14:00
	CH	Fixed Assets Ex Rural YTD YoY - Aug	8.2%	8.3%	14:00
	CH	Industrial Production YoY - Aug	6.6%	6.4%	14:00
	CH	Industrial Production YTD YoY - Aug	6.8%	6.8%	14:00
	UK	Bank of England Bank Rate - Sep	0.25%	0.25%	23:00
	UK	BoE Asset Purchase Target - Sep	435B	435B	23:00
15-Sep	US	Initial Jobless Claims - 9-Sep	300k	298k	00:30
	US	Continuing Claims - 2-Sep	1950k	1940k	00:30
	US	CPI MoM - Aug	0.3%	0.1%	00:30
	US	CPI YoY - Aug	1.8%	1.7%	00:30
	US	CPI Ex Food and Energy MoM - Aug	0.2%	0.1%	00:30
	US	CPI Ex Food and Energy YoY - Aug	1.6%	1.7%	00:30
	NZ	BusinessNZ Manufacturing PMI - Aug	--	55.4	10:30
	NZ	Non Resident Bond Holdings - Aug	--	61.7%	15:00
	EC	Trade Balance SA - Jul	€20.3B	€22.3B	21:00
	EC	Trade Balance NSA - Jul	--	€26.6B	21:00
	EC	Labour Costs YoY - 2Q	--	1.5%	21:00
16-Sep	US	Empire Manufacturing - Sep	18.0	25.2	00:30
	US	Retail Sales Advance MoM - Aug	0.1%	0.6%	00:30
	US	Retail Sales Ex Auto MoM - Aug	0.5%	0.5%	00:30
	US	Retail Sales Ex Auto and Gas - Aug	0.3%	0.5%	00:30
	US	Retail Sales Control Group - Aug	0.3%	0.6%	00:30
	US	Industrial Production MoM - Aug	0.1%	0.2%	01:15
	US	Capacity Utilization - Aug	76.8%	76.7%	01:15
	US	Manufacturing (SIC) Production - Aug	0.4%	-0.1%	01:15
	US	U. of Mich. Sentiment - Sep P	95.0	96.8	02:00
	US	Business Inventories - Jul	0.2%	0.5%	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
11-14 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 (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	Softer-than-expected construction and manufacturing data suggests downside risk to our current 1.0% q/q pick.
Thu 21 Sep (10:45am)	International Travel & Migration – Aug	Holding up	We can't envisage a meaningful turn in net migrant inflows yet.
Sat 23 Sep	NZ General Election	--	--
Tue 26 Sep (10:45am)	Overseas Merchandise Trade – Aug	Not too bad	Solid export commodity prices will support. However, export volumes may cool a little after recent strong growth.
Tue 26 Sep (1:00pm)	ANZ Business Outlook – Sep	--	--
Tue 26 Sep (3:00pm)	RBNZ New Mortgage Lending – Aug	Soft	With the housing market remaining weak, new lending growth will too.
Thu 28 Sep (9:00am)	RBNZ OCR Review	Firmly on hold	The message from the RBNZ will be unchanged; it is in no hurry to alter current policy settings.
Fri 29 Sep (10:45am)	Building Consents Issued – Aug	Capped	Positive demand forces are clear. However, the topside is being capped by capacity, cost and capital constraints.
Fri 29 Sep (3:00pm)	RBNZ Sectoral Lending – Aug	Cooler	We suspect total private sector credit will continue to run around a 5-6% annual pace.
Tue 3 Oct (10:00am)	NZIER QSBO – Q3	A few jitters?	Election uncertainty could potentially weigh on sentiment, but activity gauges should still be reasonable.
Wed 4 Oct (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 4 Oct (10:00am)	ANZ Job Ads – Sep	--	--
Wed 4 Oct (1:00pm)	ANZ Commodity Prices – Sep	--	--
On balance		Data watch	The data pulse generally remains solid, although admittedly a little more mixed. 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)	-3.2	-3.0	-2.8	-2.8	-2.5	-2.7	-2.9	-3.1	-3.1	-3.1
Terms of Trade (% qoq)	3.9	1.6	-0.1	-0.9	-1.1	-0.7	0.1	0.1	0.1	0.1
Terms of Trade (% yoy)	6.4	10.3	11.6	4.5	-0.5	-2.7	-2.5	-1.5	-0.4	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	-0.2
Retail ECT (% yoy)	5.1	5.8	5.6	2.6	5.6	4.5	5.2	4.5	2.0	4.4
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	3.5	-3.0	3.8	-2.8	-4.5	9.0
Car Registrations (% yoy)	18.4	7.8	12.2	7.3	16.5	3.0	13.7	11.1	6.2	13.5
Building Consents (% mom)	-8.0	-9.6	5.5	16.8	-2.6	-8.3	6.5	-1.3	-0.7	--
Building Consents (% yoy)	2.5	-10.8	-0.9	9.2	17.0	-3.1	6.0	-9.1	-2.8	--
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	0.9	0.5	0.5	0.5	0.5	0.4	0.5	0.3	--
Household Lending Growth (% yoy)	8.6	9.0	8.9	8.7	8.7	8.3	7.9	7.6	7.1	--
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	18.3
ANZ Own Activity Outlook	37.6	39.6	..	37.2	38.8	37.7	38.3	42.8	40.3	38.2
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	-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	16.3
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)						
	Jul-17	Aug-17	Today	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
NZD/USD	0.749	0.715	0.725	0.72	0.70	0.69	0.68	0.67	0.67	0.66
NZD/AUD	0.939	0.906	0.900	0.97	0.96	0.96	0.94	0.94	0.94	0.94
NZD/EUR	0.638	0.603	0.603	0.61	0.58	0.58	0.59	0.60	0.58	0.55
NZD/JPY	82.78	79.10	78.49	82.8	78.4	75.9	71.4	67.0	67.0	66.0
NZD/GBP	0.570	0.555	0.549	0.55	0.53	0.53	0.53	0.53	0.52	0.50
NZ\$ TWI	77.1	73.7	75.4	75.6	72.9	72.5	71.5	70.7	70.1	68.4
INTEREST RATES	Jul-17	Aug-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	1.95	1.96	1.94	1.96	1.97	1.98	1.99	2.08	2.34	2.50
NZ 10-yr bond	2.98	2.90	2.78	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	1.31	1.32	1.31	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	1.69	1.72	1.74	1.70	1.70	1.70	1.70	1.80	1.80	1.80

	8 Aug	4 Sep	5 Sep	6 Sep	7 Sep	8 Sep
Official Cash Rate	1.75	1.75	1.75	1.75	1.75	1.75
90 day bank bill	1.95	1.95	1.95	1.96	1.95	1.94
NZGB 03/19	1.86	1.85	1.84	1.82	1.83	1.85
NZGB 05/21	2.14	2.13	2.13	2.08	2.10	2.09
NZGB 04/23	2.45	2.42	2.43	2.37	2.40	2.38
NZGB 04/27	2.85	2.83	2.85	2.77	2.80	2.76
2 year swap	2.17	2.16	2.16	2.14	2.15	2.15
5 year swap	2.65	2.61	2.62	2.55	2.58	2.56
RBNZ TWI	77.71	75.16	75.05	75.63	75.33	75.42
NZD/USD	0.7366	0.7173	0.7192	0.7212	0.7205	0.7265
NZD/AUD	0.9282	0.9016	0.9016	0.9046	0.8980	0.9017
NZD/JPY	81.34	78.68	78.61	78.50	78.46	78.33
NZD/GBP	0.5652	0.5538	0.5550	0.5528	0.5503	0.5503
NZD/EUR	0.6233	0.6022	0.6045	0.6046	0.6011	0.6034
AUD/USD	0.7935	0.7956	0.7977	0.7972	0.8024	0.8060
EUR/USD	1.1816	1.1911	1.1898	1.1929	1.1986	1.2036
USD/JPY	110.43	109.70	109.31	108.85	108.89	107.84
GBP/USD	1.3033	1.2951	1.2958	1.3047	1.3093	1.3200
Oil (US\$/bbl)	49.17	47.29	48.66	49.16	49.09	47.48
Gold (US\$/oz)	1264.08	1334.78	1332.45	1338.90	1339.23	1346.59
Electricity (Haywards)	8.65	9.74	7.84	6.77	7.06	6.93
Baltic Dry Freight Index	1038	1187	1215	1250	1296	1332
NZX WMP Futures (US\$/t)	3200	3240	3230	3125	3125	3125

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