ANZ RESEARCH

# NEW ZEALAND ECONOMICS
# MARKET FOCUS

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INSIDE



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# TENSIONS APLENTY

## ECONOMIC OVERVIEW

Familiar tensions between housing and NZD strength are complicating the RBNZ's job once again. The outlook for the OCR is delicately poised as a result. It is not the most optimal policy outcome, but escalating pressures mean additional macro-prudential measures look set to be a partial circuit breaker to this tension. In fact, we would not be surprised to get some sort of firmer signal in the coming months. Q1 GDP data this week should be a little softer than growth recorded over the second half of 2015, although timelier signals on Q2 activity are generally hinting that any Q1 softness is likely to be temporary. A further modest lift in GDT dairy prices is also expected this week.

## DATA PREVIEW – Q1 GDP & BALANCE OF PAYMENTS

Relative to 2H2015, Q1 GDP figures should show a modestly softer rate of growth (+0.5% q/q). Some of the softness reflects temporary factors. Construction sector growth should be strong. The current account is likely to look okay, but with credit outpacing deposit growth again, pressures are building.

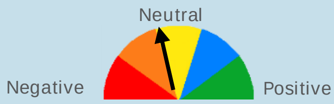
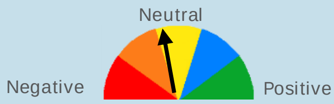
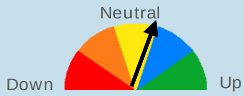
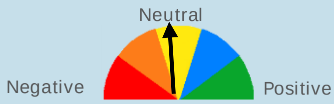
## INTEREST RATE STRATEGY

Last week's no-change RBNZ decision delivered the inevitable upward re-pricing at the short end. We favour tentatively beginning to wade back into received positions given current levels. While at this juncture both of the RBNZ's alternative scenarios look credible, longer term we believe the higher TWI-lower OCR scenario is the more likely. Offshore, all eyes are on Thursday's FOMC meeting. Market expectations suggest that the Fed faces a 'do or die' decision, with odds of a hike by end of year, at 50%, making a mockery of the Fed's 'dot plots'. We still expect hikes, and thus see potential for upside risks to US and local long-end yields.

## CURRENCY STRATEGY

The NZD looks toppy up around current levels (TWI 75.5). But until we see a material turn in risk sentiment, a change in the market's perception towards the Fed, or the tenor of domestic data roll, leading to a revisiting of rate cut expectations, a 'stronger for longer' currency theme will dominate. Of those three possible catalysts the first offers the greatest potential in the near term, with Brexit fears reinforcing ample financial and political risk. We're in the containment camp and expect any dips to be supported. NZD/AUD still looks prone to squeezing higher.

## THE ANZ HEATMAP

| Variable | View | Comment | Risk profile (change to view) |
|---|---|---|---|
| GDP | 2.4% y/y for 2017 Q1 | While growth momentum looks reasonable now, tighter financial conditions suggest a more moderate backdrop over 2H 2016. |   |
| Unemployment rate | 5.3% for 2017 Q1 | The unemployment rate should continue to trend lower. Wage inflation is contained, but a turn may be in sight. |   |
| OCR | 1.75% by Mar 2017 | A further 50bps of cuts out to early 2017, despite housing, with the global scene and NZD strength key drivers. |   |
| CPI | 1.6% y/y for 2017 Q1 | Lower petrol prices and further ACC levy cuts from July expected to keep headline inflation low this year. Core inflation measures to remain historically low. |   |

# ECONOMIC OVERVIEW


## SUMMARY

Familiar tensions between housing and NZD strength are complicating the RBNZ's job once again. The outlook for the OCR is delicately poised as a result. It is not the most optimal policy outcome, but escalating pressures mean additional macro-prudential measures look set to be a partial circuit breaker to this tension. In fact, we would not be surprised to get some sort of firmer signal in the coming months. Q1 GDP data this week should be a little softer than growth recorded over the second half of 2015, although timelier signals on Q2 activity are generally hinting that any Q1 softness is likely to be temporary. A further modest lift in GDT dairy prices is also expected this week.


## FORTHCOMING EVENTS

**Food Price Index – May** (10:45am, Tuesday, 14 June). A small lift is possible, led by a seasonal gain in fruit and vegetable prices.

**Balance of Payments – Q1** (10:45am, Wednesday, 15 June). The unadjusted and seasonally adjusted balances should improve, with the annual deficit easing to 3.0% of GDP (preview on page 4).

**GlobalDairyTrade Auction** (early am, Thursday, 16 June). Another modest lift in prices is expected.

**GDP – Q1** (10:45am, Thursday, 16 June). Our preview is on page 4. We expect growth of 0.5% q/q (2.6% y/y), with weaker primary production weighing on what is likely to be otherwise a reasonable result.

**ANZ Job Ads – May** (10:00am, Friday, 17 June).

**BNZ-Business NZ PMI – May** (10:30am, Friday, 17 June). The sector continues to outperform global peers, with a result in line with the last few months expected.

**ANZ-Roy Morgan Consumer Confidence – June** (1:00pm, Friday, 17 June).

**BNZ-Business NZ PSI – May** (10:30am, Friday, 20 June). The services sector continues to be a key part of a decent broader economic picture.

## WHAT'S THE VIEW?

**If there was one word we'd use to describe the latest thinking from the RBNZ it would be 'tension'.** It was on display everywhere we looked: the policy assessment, accompanying projections and alternative scenarios. It was even evident in the Governor's press conference with journalists!

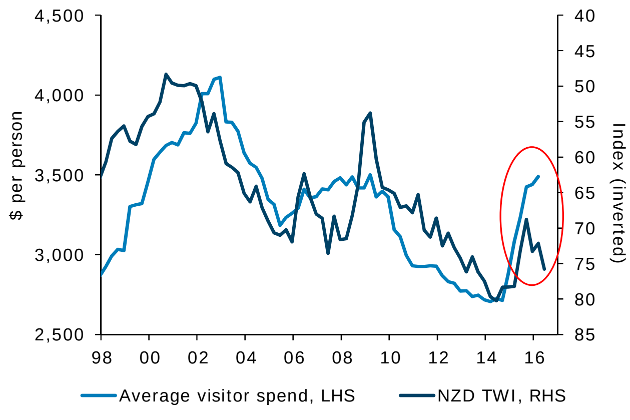
**Like all forecasters, the RBNZ is grappling with challenging and opposing forces**: NZD versus housing strength; monetary policy versus financial stability considerations; historically low interest rates locally but even lower ones globally; booming asset prices versus weak consumer prices; solid domestic growth versus a still-fragile (albeit slightly improved) global scene. The list goes on.

**Of course, this tension is nothing new.** By its very nature, monetary policy creates tension given the contrasting impact it has on borrowers and savers. Monetary policy has always been about trade-offs. But with the NZD TWI back over 75 and the NZD/AUD a real prospect to knock on parity's door once again, against a backdrop of strong credit growth and booming house prices, the trade-offs are particularly stark at the moment. The currency warrants a lower cash rate, while housing makes a strong case for higher borrowing costs. **The outlook for the OCR is delicately poised as a result.**

**The RBNZ still believes that on balance, further easing will be required.** We continue to lean that way too. However, the RBNZ has moved a fair way along the spectrum from a position of discussing primarily 'when' another cut is needed, towards discussing 'if' it will be required, and that is a meaningful change compared with earlier in the year. **And we don't view this higher bar to easing as a surprise. In fact, we welcome it.**

**But the turbo-charged NZD is undeniably a headache.** Outside of dairy, the broader export sector has coped well with the elevated currency to date, but pressures will build. The currency is already threatening to make a dent in the tourism's sector performance given that it is a key factor determining how much visitors spend on average. Inflation will obviously be impacted too, which is a risk at a time when inflation expectations are already low.

**FIGURE 1. AVERAGE SPEND PER VISITOR VS NZD**




Source: ANZ, Statistics NZ, Bloomberg

**Cue additional macro-prudential measures as a partial circuit breaker.** The RBNZ may not have much choice but to tackle housing strength through non-traditional means, providing it with a little more leeway to lower the OCR. **And we don't think we'll have to wait long to find out.** We certainly don't believe the RBNZ will wait around until its next *Financial Stability Report* in November – time is just not on its side. In fact, it wouldn't surprise us if the Governor or Deputy Governor scheduled a speech on

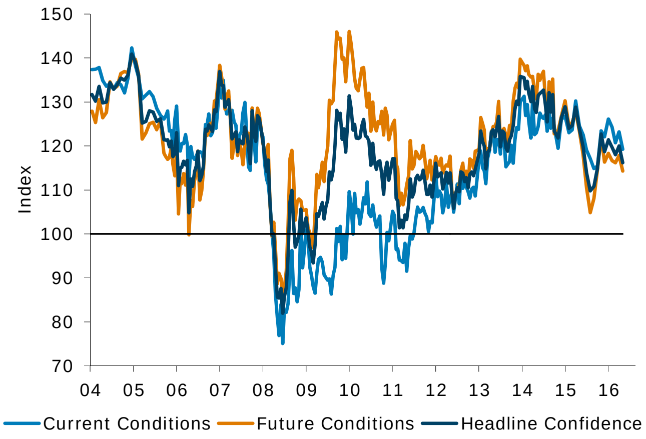
# ECONOMIC OVERVIEW

this very topic shortly, and we hope they do – the signal of policy action can often be just as powerful as the policy action itself.

**Turning to the week ahead, Q1 GDP and Balance of Payments data are the main releases and we expect them to paint a reasonable picture overall.** Our full preview for both is on page 4. While our expectation for GDP growth of 0.5% q/q is a little softer than the strong growth achieved over the second half of 2015, the figures are expected to still be decent under the hood, with statistical payback from a strong second half of 2015 and some timing issues in the primary sector some of the reasons for the softer headline. Importantly, indicators for Q2 activity to date generally highlight that any softness in Q1 is likely to be temporary (the exception being the Truckometer). **The other data due this week will provide a further indication on how Q2 is faring so far.**

**ANZ-Roy Morgan Consumer Confidence has been holding up reasonably well.** Admittedly, confidence did slip 4 points in May, to its lowest level since October 2015. However, the level remains near its historical average. It is also hard to go past the latest lift in petrol prices as the main reason behind this recent dip. Outside of that – and dairy sector strains of course – there are a number of factors supporting confidence, including rising house prices and improving employment and income prospects. Without confidence turning materially lower, it is hard to believe the economy more broadly is set to do the same unless it is side-swiped from offshore.

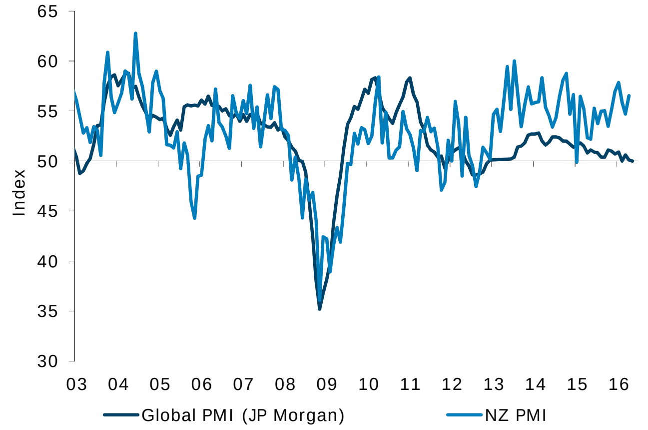
**FIGURE 2: ANZ-ROY MORGAN CONSUMER CONFIDENCE**




Source: ANZ, Roy Morgan

**The Business NZ indicators should show the local manufacturing sector continuing to outperform global peers.** The PMI has averaged over 56 in the past six months, well above the likes of the JP Morgan global PMI measure that is barely treading water. While weak demand and overcapacity issues plague the sector offshore, New Zealand manufacturers continue to report decent trading conditions, even with the stubbornly elevated NZD. Research has shown that the sector often rides on the coat-tails of construction and with this sector continuing to boom, we expect a solid manufacturing sector performance to continue. **The equivalent services sector measure is also expected to hold up relatively well.**

**FIGURE 3: NEW ZEALAND VS GLOBAL PMIS**




Source: ANZ, Roy Morgan

**Further improvement in prices is expected at this week's GDT auction.** Tightening milk supply is expected to drive a steeper price curve across all the main products. NZX futures are anticipating 3% lifts for both the GDT-TWI and whole milk powder. A larger lift could occur if buyers bid more aggressively for product for near-term delivery, but this is not anticipated. High Northern Hemisphere stocks are providing export competition and higher seasonal GDT volumes during July/August mean buyers are unlikely to be overly concerned about immediate availability.

**But focus is coming back to future supply, which is starting to tighten.** Southern Hemisphere supply already has. European growth is showing signs of cooling too, with the European Commission revising back its April-December milk supply growth to be down 0.4% y/y. Lower milk supply is expected across many of the big producers (UK, Germany and France). Perhaps more importantly, slower supply growth has also emerged in high-growth regions such as Ireland. A combination of high growth already experienced, less favourable weather and low farm-gate prices are starting to apply the supply brakes.

## LOCAL DATA

**Economic Survey of Manufacturing – Q1**. Total manufacturing sales volumes fell 1.2% q/q, led by weaker meat and dairy sales volumes.

**Electronic Card Transactions – May**. Total retail and core spending fell 0.3% and 0.1% m/m respectively.

**Monthly Inflation Gauge – May**. The Gauge rose 0.1% m/m, to be up 0.7% on a 3m/3m basis.

# DATA PREVIEW

## SUMMARY

Relative to 2H2015, Q1 GDP figures should show a modestly softer rate of growth (+0.5% q/q). Some of the softness reflects temporary factors. Construction sector growth should be strong. The current account is likely to look okay, but with credit outpacing deposit growth again, pressures are building.

## CURRENT ACCOUNT – 2016Q1

(Wednesday 15 June, 10.45am)

| Current Account | ANZ | Market |
|---|---|---|
| Quarter (nsa) | **+$960m** | +960m |
| Quarter (sa) | **-$1,600m** | -- |
| Annual | **-$7.6bn** | -$7.6bn |
| % of GDP | **-3.0%** | -3.0% |

**In line with its typical seasonal pattern, the unadjusted current account balance should improve in Q1.** In fact, for the fourth consecutive year, we expect a quarterly surplus to have been achieved (of circa $1bn). As this is a touch higher than the surplus seen in 2015Q1, the annual deficit should narrow slightly to around $7.6bn or 3.0% of GDP (from 3.1%), remaining below its historical average (3.7% of GDP).

**We expect the current account balance to improve in seasonally adjusted terms over the quarter as well** (from $1.95bn to $1.60bn). Dominating this is an expected narrowing in the goods deficit to around its smallest level in a year. A decent 4.4% q/q lift in the terms of trade (largely oil price-related) is a key element of this. That said, a further modest lift in the services balance is also expected. This offsets a likely lift in the primary income deficit on an expectation of higher returns achieved by foreigners on their New Zealand investments over the quarter.

**Structurally, New Zealand is in better shape than in previous periods of global unease and the current account is at the heart of that.** A deficit below historical averages is encouraging. Together with a reduction in net external debt and a lengthening in the maturity profile of its international liabilities, the economy is less vulnerable to swings in global financial market sentiment than it has been.

**However, pressures and vulnerabilities are building.** Credit growth is expanding faster than deposit growth, which will increase banks' reliance on offshore funding sources, all else equal. Household debt levels are extended. The bounce in the terms of trade in Q1 was helpful, but is likely to prove temporary and we continue to forecast the current account deficit widening towards 5% of GDP over the next 12 months or so.

## GROSS DOMESTIC PRODUCT – 2016Q1

(due Thursday 16 June, 10.45am)

| GDP | ANZ | RBNZ | Market |
|---|---|---|---|
| Quarterly % | **0.5%** | 0.6% | 0.5% |
| Annual % | **2.6%** | 2.7% | 2.6% |
| Ann. Ave. % | **2.4%** | 2.4% | 2.4% |

**We expect a 0.5% q/q lift in production-based GDP (+2.6% y/y)**, which is in line with the consensus and a touch below the RBNZ's MPS pick. We see risks as broadly balanced. For the third consecutive quarter, decent goods and services sector growth is expected to be offset by a contraction in primary sector activity.

**Led by construction, the goods sector is expected to have risen 2.2% q/q.** Partial data showed solid gains in residential and non-residential building work, and we also expect a lift in 'other' construction. While primary food manufacturing is likely to have fallen, 'core' volumes are expected to have lifted around 0.5% in the quarter.

**Services sector activity is expected to grow 0.6% q/q, a touch softer than in the second half of 2015.** While wholesale activity is likely to contract slightly, we expect decent growth in the retail and accommodation sectors. Despite a softer reading from our *Truckometer*, solid growth in visitor arrivals numbers points to a lift in transport, postal and warehousing activity. And even with a modest contraction in house sales activity over the quarter, a lift in paid hours growth hints at a reasonable lift in real estate and business services activity growth.

**As mentioned, primary sector activity is expected to have fallen for a third consecutive quarter (-0.2% q/q).** This is predominantly on a contraction in livestock slaughtering as stock was sent to works earlier in the year. We estimate that milk production also dipped a touch over the quarter.

**Expenditure GDP should be supported by reasonable domestic demand growth.** Household consumption and residential investment are both expected to record respectable quarterly growth, and other investment is also expected to rebound from last quarter's fall. This is expected to be offset by a negative contribution from net exports and a small rundown in inventories.

## MARKET IMPLICATIONS

The market will be more sensitive than normal to data outturns given the nuances in the June MPS. We're not expecting GDP figures to provide the fireworks, with the CPI results for Q2 more critical. It's hard to get excited about figures three months old and partial indicators look pretty good for Q2.

# INTEREST RATE STRATEGY

## SUMMARY

Last week's no-change RBNZ decision delivered the inevitable upward re-pricing at the short end. We favour tentatively beginning to wade back into received positions given current levels. While at this juncture both of the RBNZ's alternative scenarios look credible, longer term we believe the higher TWI-lower OCR scenario is the more likely. Offshore, all eyes are on Thursday's FOMC meeting. Market expectations suggest that the Fed faces a 'do or die' decision, with odds of a hike by end of year, at 50%, making a mockery of the Fed's 'dot plots'. We still expect hikes, and thus see potential for upside risks to US and local long-end yields. But by the same token, we've lost count how many times the market has been disappointed by the assumption that US bond yields must surely rise!

## THEMES

- We favour 'fading' the recent move higher in short-term rates. Market pricing of less than 50% odds of a follow-up OCR cut in August seems too low given where the TWI sits and seems likely to remain.
- The Reserve Bank has given a hat tip to some sort of macro-prudential policy housing response. One is needed, but we note that local banks are voluntarily tightening lending standards. All else equal, that makes OCR cuts more likely.
- Our global macro strategists believe the market has over-reacted to a single weak US non-farm payrolls print, and we still expect two Fed Funds hikes this year. That suggests US bond yields are more likely to rise than fall.
- This week's FOMC meeting is the 'must watch' event of the week. Given what's priced in (almost nothing), the risks look skewed to the upside in terms of market pricing and yields.

## PREFERRED STRATEGIES – INVESTORS

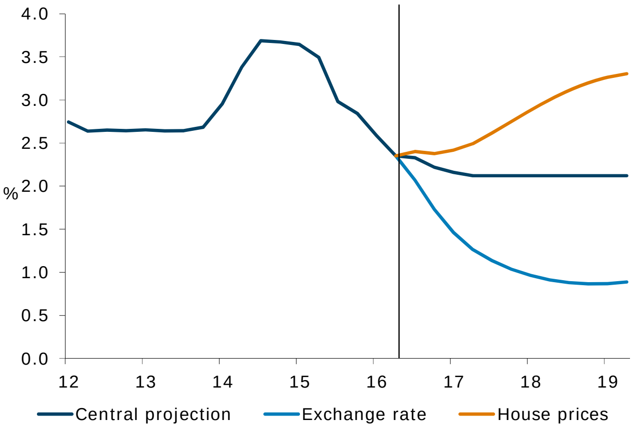
| KEY VIEWS – FOR INVESTORS | | |
|---|---|---|
| **GAUGE** | **DIRECTION** | **COMMENT** |
| Duration | Neutral | We favour adding to received short-end positions, but the long end is biased higher, so hold fire and focus on spreads. |
| 2s10s Curve | Steeper | Primed to steepen as short-end move higher runs out of puff and US long-end yields rise. At least that's the theory! |
| Geographic 10yr spread | Narrower | Spreads have widened far enough now. Will narrow if US yields rise. Again, in theory! |
| Swap spreads | Neutral/wider | Reduced NZGS supply and increased hedge paying. |

## FADE THE MOVE, STEEPEN THE CURVE

**Last week's Reserve Bank *Monetary Policy Statement* was as expected**, with a no-change OCR decision and no change to the Bank's 90-day bank bill projections. Market reaction was also largely as expected, with confirmation of no change driving the very short end higher. From here though, **we favour fading the move, looking for spikes higher to add to received / invested positions at the short end.** This view is largely based on the view that another OCR cut is coming (against market pricing of a 'terminal' rate of 2.01% – see overleaf). It also acknowledges that in a sense, we are going back the days of MCI trading (as was the case in the late 1990s when the short end was mechanically linked to the TWI).

With that in mind, we believe that there is a very real possibility that the Reserve Bank's alternative scenario of a persistently higher TWI and lower OCR pans out (one of two alternative scenarios presented in the MPS – as shown in figure 1). As the scenario's transmission mechanism is via the currency, it will depend crucially on global developments and will take some time to develop. Nonetheless, we believe the market is more likely to lean towards this scenario than the stronger house prices/rate hikes scenario if some progress can be made on the macro-prudential front. We believe we need to – and will – see a macro-prudential policy response, be it something prescriptive delivered by the RBNZ, or a voluntary tightening of lending standards, as we have seen from the major local banks this week. **All else equal, the more the housing market can be dealt with by tightening lending standards, the easier it is for the OCR to go lower**.

**FIGURE 1: RBNZ ALTERNATIVE 90D RATE SCENARIOS**




Source: RBNZ

**We are also mindful of the shape of the yield curve, and the degree of monetary policy *tightening* that is priced in over calendar 2017.** Our analysis suggests that the market is pricing in a 'bottoming out' of the OCR just above 2% in March

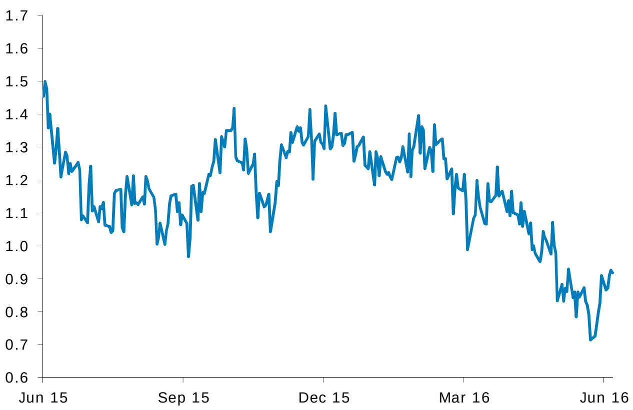
# INTEREST RATE STRATEGY

next year, beyond which the OCR is assumed to rise. While the low point for expectations has generally sat within the next 12 months for some time, the degree of tightening priced in over the subsequent years has been falling progressively since March, and we expect it to continue to do so. As this happens, **we expect 2-3 year swap rates to continue grinding lower, ultimately steepening the curve as long-end rates make less progress lower.**

As we've noted in the past, our curve-steepening view is predicated on **our view that the Fed will hike the Fed Funds rate twice before the end of the year.** That's a mile away from what is currently priced into the US market, which has embraced the idea that one weak non-farm payrolls print will keep the Fed at bay. Given the recent tendency for US bond yields to move sharply higher on changing policy expectations, our forecasts imply a rise in US interest rates – perhaps not a sharp rise, but certainly a rise. Indeed, **given the stark gap between market expectations and the Fed's so-called 'dot plot' projections, the risks certainly seem skewed to the upside. All else equal, that portends a steeper yield curve**.

## FOCUS ON SPREADS

**FIGURE 3: NZ/US 10 YEAR BOND SPREAD**




Source: ANZ, Bloomberg

At this juncture, **we prefer to focus on spreads rather than outright yields.** While New Zealand's low-beta status does suggest that rising US yields would be helpful for further near-term spread contraction (looking beyond the possibility of a near-term correction lower in yields if the Fed disappoints), we're mindful of what a Fed disappointment would mean for the NZD. Indeed, it has almost become a universal expectation that Fed hikes *will* support the USD. For our part, we are starting to tire of depending on the Fed to do the job for us (i.e. to not disappoint), and are starting to question how high the USD and US bond yields can really go this cycle. But that's a story for later.

In coming months, as we note in the *Currency Strategy* section of this document, while New Zealand financial conditions are flagging ongoing robust growth, US financial conditions are flagging trend growth at best. And with the Fed Funds rate moving from 'zero point five' to 'zero point something else', we wonder whether that'll really deliver USD strength/NZD weakness. **The one discernible trend post-GFC has been yield convergence, and until we see a synchronised recovery across the major economies, and an abandonment of easy money policies, we expect it to continue.** As such, we favour re-entering NZ/US spread narrowing trades at current levels.

## PREFERRED STRATEGIES – BORROWERS

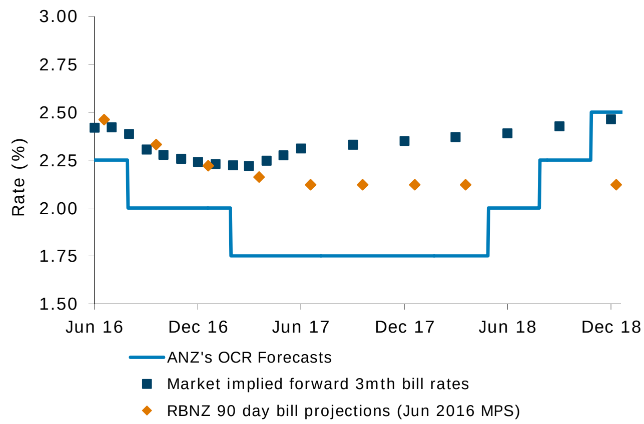
**No change to our long-held view**: our expectation of higher US interest rates points to higher term rates here, albeit with some offset provided by spreads. **However, OCR stability/cuts will keep BKBM lower for longer, making for a quandary best solved via optionality.**

| KEY VIEWS – FOR BORROWERS | | |
|---|---|---|
| **GAUGE** | **VIEW** | **COMMENT** |
| Hedge ratio | Majority hedged | Options preferred for upside protection AND exposure to lower floating interest rates. |
| Value | Cheap | More upside risk emerging. |
| Uncertainty | Elevated | Watch credit spreads. |

## MARKET EXPECTATIONS

The market is currently pricing in 48% odds of a cut in August, and a terminal OCR of 2.01% by February/March next year. **By contrast, we see an August cut as more likely than not.** While we fully expected the market to adjust higher post-MPS, the degree of upward movement has surprised us, and absent a catalyst for a move higher, we see current market pricing as attractive for receivers.

**FIGURE 3: ANZ OCR FORECAST VS MKT-IMPLIED FWD 3MTH BILL RATES AND RBNZ 90-DAY PROJECTION**




Source: ANZ, Bloomberg

# CURRENCY STRATEGY

## SUMMARY

The NZD looks toppy up around current levels (TWI 75.5). But until we see a material turn in risk sentiment, a change in the market's perception towards the Fed, or the tenor of domestic data roll – leading to a revisiting of rate cut expectations – a 'stronger for longer' currency theme will dominate. Of those three possible catalysts the first offers the greatest potential in the near term, with Brexit fears reinforcing ample financial and political risk. We're in the containment camp and expect any dips to be supported. NZD/AUD still looks prone to squeezing higher.

**TABLE 1: KEY VIEWS**

| CROSS | WEEK | MONTH | YEAR |
|---|---|---|---|
| NZD/USD | ↔ | Onus on the Fed | Profile still lower |
| NZD/AUD | ↔ | Macro says higher, but positioning points to pullback | Remain above long-run averages |
| NZD/EUR | ↔ | Still in range | Political risks for EUR |
| NZD/GBP | ↔/↑ | Brexit still key risk | GBP resurgence |
| NZD/JPY | ↔/↑ | Oversold? | JPY returning to averages |

## THEMES AND RISKS

- The 'Brexit' vote is going down to the wire. Expect markets to remain on edge.
- US data still looks respectable. Market pricing for the Fed still looks underdone into year-end.
- NZD is too high but there's not much the RBNZ can do about it given the strength of the domestic economy and interest rate relativities versus offshore.
- NZD/AUD has pushed through 0.95 with ease. The door is open to continued squeezes up.
- Financial conditions tell us prospects for the NZ economy look fine. By contrast, US financial conditions are flagging trend growth at best.

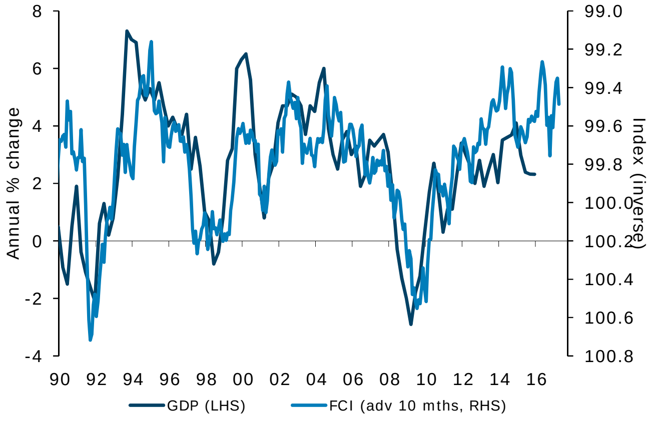
## NZ DATA PULSE

**The local data pulse remains strong.** GDP is unlikely to be stellar (it's March quarter stuff anyway) but good momentum appears to be being maintained in 2016 Q2/Q3.

With dairy prices effectively 'bouncing along the bottom' and housing strong as an ox, the market will continue to question the need for the RBNZ to be cutting, despite an easing bias remaining – and a clear MPS scenario where a persistently high NZD would lead to a (major) reassessment of the OCR. **Absent firm rate cut expectations or a sudden global turn, the market's appetite to take the NZD lower is weak.**

We're still expecting the market to reassert its appetite for the OCR to move lower, but timing centres around a turn in our proprietary indicators or a global event. We're seeing little locally to support the former at present. **A lack of enthusiasm towards the RBNZ cutting means a high / sticky NZD by default.**

**FIGURE 1: NZ GDP VS FINANCIAL CONDITIONS – THE NZD IS NOT OVERLY RESTRICTIVE**




Source: ANZ, Bloomberg

**TABLE 2: NZD VS AUD: MONTHLY GAUGES**

| GAUGE | GUIDE | COMMENT |
|---|---|---|
| Fair value | ↔ | FV is above long-run averages. |
| Yield | ↔/↑ | Higher local yields biases NZD up. |
| Commodities | ↔ | Commodities (iron ore) bouncing. |
| Data | ↔/↑ | NZD data is resilient. |
| Techs | ↔/↓ | Towards the top of the range. |
| Sentiment | ↔ | Equal reactions to sentiment. |
| Other | ↔/↓ | Positioning suggests it's extended. |
| **On balance** | ↔ | **Close to top of range.** |

**TABLE 3: NZD VS USD: MONTHLY GAUGES**

| GAUGE | GUIDE | COMMENT |
|---|---|---|
| Fair value | ↔ | Closer to fair value. |
| Yield | ↔/↑ | Yields snapped higher post RBNZ. |
| Commodities | ↔ | Risks reasonably well priced. |
| Risk aversion | ↔/↑ | Resilience to risk notable. |
| Data | ↔/↑ | US data has turned lower. |
| Techs | ↔ | Testing pivotal support. |
| Other | ↔ | It's all in the Fed's hands. |
| **On balance** | ↔/↑ | **Risk it remains elevated.** |

## POSITIONING

**Speculators remain long the NZD**, having added to positions last week according to CFTC data. **Short positioning in the AUD points to the potential for a NZD / AUD correction lower.** However, other position shifts elsewhere cloud the picture, with EUR and GBP shorts building ahead of the Brexit vote, and USD longs lifting sharply (albeit to only moderate levels by historic comparison).

## GLOBAL VIEWS

**The onus is now on the Fed to 'show us the money'**, with markets extremely sceptical of its ability/desire to tighten. We still expect two Fed hikes this year – we aren't reading too much into a single soft payrolls print. At face value, if we are right, a USD shake-up is coming.

# DATA EVENT CALENDAR

| DATE | COUNTRY | DATA / EVENT | MKT. | LAST | NZ TIME |
|---|---|---|---|---|---|
| 13-Jun | CH | Industrial Production YoY - May | 6.0% | 6.0% | 14:00 |
| | CH | Retail Sales YoY - May | 10.1% | 10.1% | 14:00 |
| | CH | Fixed Assets Ex Rural YTD YoY - May | 10.5% | 10.5% | 14:00 |
| | NZ | REINZ House Sales YoY - May | -- | 18.4% | 13-15 Jun |
| | CH | Leading Index - Apr | -- | 99.1 | 13-15 Jun |
| | CH | New Yuan Loans CNY - May | 750.0B | 555.6B | 13-15 Jun |
| | CH | Money Supply M2 YoY - May | 12.5% | 12.8% | 13-15 Jun |
| 14-Jun | NZ | Food Prices MoM - May | -- | 0.3% | 10:45 |
| | AU | NAB Business Conditions - May | -- | 9 | 13:30 |
| | AU | NAB Business Confidence - May | -- | 5 | 13:30 |
| | AU | Credit Card Purchases - Apr | -- | A$25.5B | 13:30 |
| | AU | Credit Card Balances - Apr | -- | A$51.8B | 13:30 |
| | UK | CPI MoM - May | 0.3% | 0.1% | 20:30 |
| | UK | CPI YoY - May | 0.4% | 0.3% | 20:30 |
| | UK | CPI Core YoY - May | 1.3% | 1.2% | 20:30 |
| | UK | Retail Price Index MoM - May | 0.3% | 0.1% | 20:30 |
| | UK | Retail Price Index YoY - May | 1.5% | 1.3% | 20:30 |
| | UK | PPI Input NSA MoM - May | 0.9% | 0.9% | 20:30 |
| | UK | PPI Input NSA YoY - May | -5.1% | -6.5% | 20:30 |
| | UK | PPI Output NSA MoM - May | 0.3% | 0.4% | 20:30 |
| | UK | PPI Output NSA YoY - May | -0.4% | -0.7% | 20:30 |
| | UK | PPI Output Core NSA MoM - May | 0.1% | 0.2% | 20:30 |
| | UK | PPI Output Core NSA YoY - May | 0.6% | 0.5% | 20:30 |
| | EC | Industrial Production SA MoM - Apr | 0.8% | -0.8% | 21:00 |
| | EC | Industrial Production WDA YoY - Apr | 1.4% | 0.2% | 21:00 |
| | EC | Employment QoQ - Q1 | -- | 0.3% | 21:00 |
| | EC | Employment YoY - Q1 | -- | 1.2% | 21:00 |
| | US | NFIB Small Business Optimism - May | 93.5 | 93.6 | 22:00 |
| 15-Jun | US | Import Price Index MoM - May | 0.8% | 0.3% | 00:30 |
| | US | Import Price Index YoY - May | -6.0% | -5.7% | 00:30 |
| | US | Retail Sales Advance MoM - May | 0.3% | 1.3% | 00:30 |
| | US | Retail Sales Ex Auto MoM - May | 0.4% | 0.8% | 00:30 |
| | US | Retail Sales Ex Auto and Gas - May | 0.2% | 0.6% | 00:30 |
| | US | Retail Sales Control Group - May | 0.3% | 0.9% | 00:30 |
| | US | Business Inventories - Apr | 0.2% | 0.4% | 02:00 |
| | NZ | BoP Current Account Balance - Q1 | 0.960B | -2.614B | 10:45 |
| | NZ | Current Account GDP Ratio YTD - Q1 | -3.0% | -3.1% | 10:45 |
| | AU | ANZ-RM Consumer Confidence Index - 12-Jun | -- | 116.8 | 11:30 |
| | AU | Westpac Consumer Conf Index - Jun | -- | 103.2 | 12:30 |
| | NZ | Non Resident Bond Holdings - May | -- | 66.5% | 15:00 |
| | UK | Claimant Count Rate - May | 2.1% | 2.1% | 20:30 |
| | UK | Jobless Claims Change - May | 0.0k | -2.4k | 20:30 |
| | UK | ILO Unemployment Rate 3Mths - Apr | 5.1% | 5.1% | 20:30 |
| | UK | Employment Change 3M/3M - Apr | 60k | 44k | 20:30 |
| | EC | Trade Balance SA - Apr | €21.5B | €22.3B | 21:00 |
| | EC | Trade Balance NSA - Apr | €26.0B | €28.6B | 21:00 |
| | US | MBA Mortgage Applications - 10-Jun | -- | 9.3% | 23:00 |
| 16-Jun | US | PPI Final Demand MoM - May | 0.3% | 0.2% | 00:30 |

Continued on following page

# DATA EVENT CALENDAR

| DATE | COUNTRY | DATA / EVENT | MKT. | LAST | NZ TIME |
|---|---|---|---|---|---|
| 16-Jun | US | PPI Final Demand YoY - May | -0.1% | 0.0% | 00:30 |
| | US | PPI Ex Food and Energy MoM - May | 0.1% | 0.1% | 00:30 |
| | US | PPI Ex Food and Energy YoY - May | 1.0% | 0.9% | 00:30 |
| | US | Empire Manufacturing - Jun | -4 | -9.02 | 00:30 |
| | US | Industrial Production MoM - May | -0.20% | 0.70% | 01:15 |
| | US | Capacity Utilization - May | 75.20% | 75.40% | 01:15 |
| | US | FOMC Rate Decision - Jun | 0.50% | 0.50% | 06:00 |
| | US | Total Net TIC Flows - Apr | -- | -$98.3B | 08:00 |
| | US | Net Long-term TIC Flows - Apr | -- | $78.1B | 08:00 |
| | NZ | GDP SA QoQ - Q1 | 0.5% | 0.9% | 10:45 |
| | NZ | GDP YoY - Q1 | 2.6% | 2.3% | 10:45 |
| | AU | Consumer Inflation Expectation - Jun | -- | 3.2% | 13:00 |
| | AU | Employment Change - May | 15.0k | 10.6k | 13:30 |
| | AU | Unemployment Rate - May | 5.7% | 5.7% | 13:30 |
| | AU | Participation Rate - May | 64.90% | 64.80% | 13:30 |
| | AU | New Motor Vehicle Sales MoM - May | -- | -2.5% | 13:30 |
| | AU | RBA FX Transactions Market - May | -- | 946M | 13:30 |
| | UK | Retail Sales Ex Auto Fuel MoM - May | 0.3% | 1.5% | 20:30 |
| | UK | Retail Sales Ex Auto Fuel YoY - May | 3.8% | 4.2% | 20:30 |
| | UK | Retail Sales Inc Auto Fuel MoM - May | 0.2% | 1.3% | 20:30 |
| | UK | Retail Sales Inc Auto Fuel YoY - May | 3.9% | 4.3% | 20:30 |
| | EC | CPI MoM - May | 0.3% | 0.0% | 21:00 |
| | EC | CPI YoY - May F | -0.1% | -0.1% | 21:00 |
| | EC | CPI Core YoY - May F | 0.8% | 0.8% | 21:00 |
| | UK | Bank of England Bank Rate - Jun | 0.5% | 0.5% | 23:00 |
| | UK | BOE Asset Purchase Target - Jun | £375B | £375B | 23:00 |
| | JN | BOJ Policy Rate - Jun | -- | -0.10% | UNSPECIFIED |
| 17-Jun | US | Current Account Balance - Q1 | -$124.3B | -$125.3B | 00:30 |
| | US | Initial Jobless Claims - 11-Jun | 270k | 264k | 00:30 |
| | US | Continuing Claims - 4-Jun | 2140k | 2095k | 00:30 |
| | US | Philadelphia Fed Business Outlook - Jun | 1.3 | -1.8 | 00:30 |
| | US | CPI MoM - May | 0.3% | 0.4% | 00:30 |
| | US | CPI YoY - May | 1.1% | 1.1% | 00:30 |
| | US | CPI Ex Food and Energy MoM - May | 0.2% | 0.2% | 00:30 |
| | US | CPI Ex Food and Energy YoY - May | 2.2% | 2.1% | 00:30 |
| | US | NAHB Housing Market Index - Jun | 59 | 58 | 02:00 |
| | NZ | ANZ Job Ads - May | -- | 1.7% | 10:00 |
| | NZ | BusinessNZ Manufacturing PMI - May | -- | 56.5 | 10:30 |
| | NZ | ANZ Consumer Confidence Index - Jun | -- | 116.2 | 13:00 |
| | NZ | ANZ Consumer Confidence MoM - Jun | -- | -3.20% | 13:00 |
| | EC | ECB Current Account SA - Apr | -- | €27.3B | 20:00 |
| | EC | Current Account NSA - Apr | -- | €32.3B | 20:00 |
| | EC | Labour Costs YoY - Q1 | -- | 1.3% | 21:00 |
| 18-Jun | US | Housing Starts - May | 1150k | 1172k | 00:30 |
| | US | Housing Starts MoM - May | -1.90% | 6.60% | 00:30 |
| | US | Building Permits - May | 1145k | 1130k | 00:30 |
| | US | Building Permits MoM - May | 1.3% | 4.9% | 00:30 |

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

Domestic economic momentum is reasonable at present. However, downside risks exist (mainly from offshore). We believe the RBNZ will cut the OCR twice more, with the next cut pencilled in for August.

| DATE | DATA/EVENT | ECONOMIC SIGNAL | COMMENT |
|---|---|---|---|
| 13-17 Jun | REINZ Housing Market statistics – May | Booming | Strength in the regions is being joined by a sharp recovery in Auckland activity. National house price growth is rising again. |
| Tue 14 Jun (10:45am) | Food Price Index – May | Small lift | A small lift is possible, led by a seasonal gain in fruit and vegetable prices. |
| Wed 15 Jun (10:45am) | Balance of Payments – Q1 | 3.0% of GDP | Courtesy of an improvement in the goods balance, we expect the annual current account deficit to narrow slightly. |
| Thu 16 Jun (early am) | GlobalDairyTrade Auction | Up off lows, but still low | A modest price increase is likely as global supply gradually begins to tighten. |
| Thu 16 Jun (10:45am) | GDP – Q1 | Not bad | We have pencilled in a 0.5% q/q lift. This is below H2 2015, but we put a lot of this softness down to temporary factors. |
| Fri 17 Jun (10:00am) | ANZ Job Ads – May | -- | -- |
| Fri 17 Jun (10:30am) | BNZ-Business NZ PMI – May | Holding up | Despite the pressures on manufacturing globally, the domestic sector continues to perform well. |
| Fri 17 Jun (1:00pm) | ANZ-Roy Morgan Consumer Confidence – Jun | -- | -- |
| Mon 20 Jun (10:30am) | BNZ-Business NZ PSI – May | Still solid | Like a number of other indicators, we expect this to reinforce a reasonable picture for the economy overall. |
| Wed 22 Jun (10:45am) | International Travel & Migration – May | Steady and strong | Recent data has hinted that a top is in place. However, the net inflow overall looks set to remain large for some time yet. |
| Mon 27 Jun (10:45am) | Overseas Merchandise Trade – May | Small surplus | A small monthly surplus is possible, although rising oil prices are likely to start having an impact. |
| Thu 30 Jun (10:45am) | Building Consents Issued – May | Still trending higher | We expect issuance to trend higher, although we are wary that capacity issues are capping the upside. |
| Thu 30 Jun (1:00pm) | ANZ Business Outlook – Jun | -- | -- |
| Thu 30 Jun (3:00pm) | RBNZ Credit Aggregates – May | Strong | Household credit growth is running at its fastest pace since 2008. We don't see it rising much further, but it should remain strong. |
| Tue 5 Jul (10:00am) | NZIER QSBO – Q2 | Bouncing back | Following the signals from our Business Outlook, confidence is likely to have lifted. We will be on the lookout for further signs of increased capacity pressures. |
| Tue 5 Jul (10:00am) | Government Financial Statements – May | In reasonable shape | Timing of tax payments is having some influence, but we suspect the numbers will look decent overall. |
| Tue 5 Jul (1:00pm) | ANZ Commodity Price Index – Jun | -- | -- |
| Wed 6 Jul (early am) | GlobalDairyTrade Auction | Ticking higher, but still low | Global supply is gradually tightening, which should allow prices to gradually trend higher. |
| Thu 7 Jul (10:00am) | ANZ Truckometer – Jun | -- | -- |
| 11-15 Jul | REINZ Housing Market Statistics – Jun | Booming | Strength in the regions is being joined by a sharp recovery in Auckland activity. National house price growth is rising again. |
| **On balance** | | **Data watch** | **Reasonable momentum at present, but with risks. Inflation remains low, but has probably troughed.** |

# KEY FORECASTS AND RATES

| | Dec-15 | Mar-16 | Jun-16 | Sep-16 | Dec-16 | Mar-17 | Jun-17 | Sep-17 | Dec-17 | Mar-18 |
|---|---|---|---|---|---|---|---|---|---|---|
| GDP (% qoq) | 0.9 | **0.5** | **0.7** | **0.6** | **0.6** | **0.6** | **0.7** | **0.7** | **0.7** | **0.7** |
| GDP (% yoy) | 2.3 | **2.6** | **2.9** | **2.6** | **2.3** | **2.4** | **2.4** | **2.5** | **2.6** | **2.7** |
| CPI (% qoq) | -0.5 | 0.2 | **0.5** | **0.4** | **0.0** | **0.7** | **0.4** | **0.7** | **0.3** | **0.6** |
| CPI (% yoy) | 0.1 | 0.4 | **0.5** | **0.6** | **1.1** | **1.6** | **1.5** | **1.7** | **2.0** | **2.0** |
| Employment (% qoq) | 1.0 | 1.2 | **0.6** | **0.5** | **0.4** | **0.4** | **0.4** | **0.4** | **0.4** | **0.4** |
| Employment (% yoy) | 1.4 | 2.0 | **2.3** | **3.3** | **2.7** | **1.9** | **1.7** | **1.6** | **1.6** | **1.6** |
| Unemployment Rate (% sa) | 5.4 | 5.7 | **5.5** | **5.4** | **5.4** | **5.3** | **5.2** | **5.2** | **5.1** | **5.0** |
| Current Account (% GDP) | -3.0 | **-3.0** | **-3.0** | **-3.4** | **-3.7** | **-4.3** | **-4.4** | **-4.3** | **-4.1** | **-3.8** |
| Terms of Trade (% qoq) | -2.0 | 4.4 | **-5.8** | **-2.7** | **-0.3** | **0.8** | **1.7** | **2.8** | **1.7** | **0.8** |
| Terms of Trade (% yoy) | -3.2 | -0.1 | **-7.3** | **-6.2** | **-4.6** | **-7.9** | **-0.6** | **5.1** | **7.2** | **7.2** |

| | Aug-15 | Sep-15 | Oct-15 | Nov-15 | Dec-15 | Jan-16 | Feb-16 | Mar-16 | Apr-16 | May-16 |
|---|---|---|---|---|---|---|---|---|---|---|
| Retail ECT (% mom) | 0.4 | 0.9 | 0.1 | 0.8 | 0.2 | 0.3 | 0.7 | 0.1 | 0.8 | -0.3 |
| Retail ECT (% yoy) | 4.2 | 6.1 | 5.8 | 4.6 | 6.6 | 5.2 | 9.2 | 6.2 | 7.8 | 3.3 |
| Credit Card Billings (% mom) | 1.5 | -2.0 | 1.7 | 0.7 | -0.7 | 1.8 | -0.5 | -1.4 | 2.5 | -- |
| Credit Card Billings (% yoy) | 10.4 | 7.3 | 7.8 | 8.5 | 7.4 | 8.2 | 7.3 | 4.8 | 9.1 | -- |
| Car Registrations (% mom) | -2.3 | 0.1 | -1.2 | -2.0 | 3.1 | -2.8 | 5.8 | -3.7 | 6.1 | -3.1 |
| Car Registrations (% yoy) | 7.8 | 5.0 | 3.8 | 1.3 | 2.4 | -1.1 | 7.4 | -0.2 | 8.7 | 4.2 |
| Building Consents (% mom) | -7.4 | -4.7 | 5.0 | 1.7 | 2.7 | -8.4 | 10.4 | -9.7 | 6.6 | -- |
| Building Consents (% yoy) | 11.2 | 17.5 | 14.7 | 7.2 | 17.7 | 4.9 | 26.7 | 0.7 | 12.7 | -- |
| REINZ House Price Index (% yoy) | 17.3 | 20.1 | 14.1 | 12.5 | 12.6 | 10.7 | 11.9 | 13.3 | 14.5 | -- |
| Household Lending Growth (% mom) | 0.6 | 0.7 | 0.7 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.8 | -- |
| Household Lending Growth (% yoy) | 6.3 | 6.7 | 6.9 | 7.2 | 7.4 | 7.5 | 7.6 | 7.7 | 7.9 | -- |
| ANZ Roy Morgan Consumer Conf. | 109.8 | 110.8 | 114.9 | 122.7 | 118.7 | 121.4 | 119.7 | 118.0 | 120.0 | 116.2 |
| ANZ Business Confidence | -29.1 | -18.9 | 10.5 | 14.6 | 23.0 | .. | 7.1 | 3.2 | 6.2 | 11.3 |
| ANZ Own Activity Outlook | 12.2 | 16.7 | 23.7 | 32.0 | 34.4 | .. | 25.5 | 29.4 | 32.1 | 30.4 |
| Trade Balance ($m) | -1090 | -1140 | -905 | -795 | -42 | 12 | 366 | 189 | 292 | -- |
| Trade Bal ($m ann) | 52446 | 52287 | 52101 | 52648 | 52510 | 52764 | 52834 | 52604 | 52662 | -- |
| ANZ World Commodity Price Index (% mom) | -5.3 | 5.6 | 7.1 | -5.6 | -1.8 | -2.3 | 0.5 | -1.3 | -0.8 | 1.0 |
| ANZ World Comm. Price Index (% yoy) | -23.6 | -18.2 | -11.6 | -15.3 | -12.9 | -14.7 | -17.8 | -22.4 | -16.8 | -11.7 |
| Net Migration (sa) | 5490 | 5570 | 6130 | 6200 | 5540 | 6090 | 6010 | 5330 | 5520 | -- |
| Net Migration (ann) | 60290 | 61234 | 62477 | 63659 | 64930 | 65911 | 67391 | 67619 | 68110 | -- |
| ANZ Heavy Traffic Index (% mom) | -0.4 | 1.8 | 1.0 | 0.2 | 2.9 | -4.3 | 1.7 | 3.3 | -2.6 | -1.7 |
| ANZ Light Traffic Index (% mom) | -0.5 | 2.7 | -0.4 | 0.3 | 0.9 | -1.4 | 2.7 | 0.6 | -0.1 | -1.3 |

Figures in bold are forecasts. mom: Month-on-Month qoq: Quarter-on-Quarter yoy: Year-on-Year

# KEY FORECASTS AND RATES

| | ACTUAL | | | FORECAST (END MONTH) | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| FX RATES | Apr-16 | May-16 | Today | Jun-16 | Sep-16 | Dec-16 | Mar-17 | Jun-17 | Sep-17 | Dec-17 |
| NZD/USD | 0.698 | 0.673 | 0.706 | 0.66 | 0.66 | 0.63 | 0.61 | 0.61 | 0.63 | 0.66 |
| NZD/AUD | 0.918 | 0.929 | 0.956 | 0.89 | 0.92 | 0.94 | 0.92 | 0.92 | 0.93 | 0.94 |
| NZD/EUR | 0.609 | 0.604 | 0.627 | 0.60 | 0.61 | 0.58 | 0.54 | 0.53 | 0.53 | 0.55 |
| NZD/JPY | 74.31 | 74.79 | 75.35 | 69.3 | 69.3 | 66.2 | 61.0 | 61.0 | 63.0 | 66.0 |
| NZD/GBP | 0.477 | 0.461 | 0.496 | 0.46 | 0.44 | 0.41 | 0.39 | 0.38 | 0.39 | 0.40 |
| NZ$ TWI | 72.2 | 71.3 | 75.5 | 69.3 | 69.8 | 67.5 | 64.5 | 64.0 | 64.8 | 67.4 |
| INTEREST RATES | Apr-16 | May-16 | Today | Jun-16 | Sep-16 | Dec-16 | Mar-17 | Jun-17 | Sep-17 | Dec-17 |
| NZ OCR | 2.25 | 2.25 | 2.25 | 2.25 | 2.00 | 2.00 | 1.75 | 1.75 | 1.75 | 1.75 |
| NZ 90 day bill | 2.40 | 2.42 | 2.41 | 2.40 | 2.20 | 2.10 | 2.00 | 2.00 | 2.00 | 2.00 |
| NZ 10-yr bond | 2.85 | 2.62 | 2.56 | 2.80 | 2.90 | 2.90 | 3.10 | 3.20 | 3.40 | 3.50 |
| US Fed funds | 0.50 | 0.50 | 0.50 | 0.75 | 0.75 | 1.00 | 1.00 | 1.25 | 1.25 | 1.50 |
| US 3-mth | 0.64 | 0.67 | 0.66 | 0.83 | 0.83 | 1.08 | 1.08 | 1.33 | 1.33 | 1.58 |
| AU Cash Rate | 2.00 | 1.75 | 1.75 | 1.75 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 |
| AU 3-mth | 2.15 | 1.99 | 2.01 | 2.00 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 |

| | 10 May | 6 Jun | 7 Jun | 8 Jun | 9 Jun | 10 Jun |
|---|---|---|---|---|---|---|
| Official Cash Rate | 2.25 | 2.25 | 2.25 | 2.25 | 2.25 | 2.25 |
| 90 day bank bill | 2.35 | 2.40 | 2.40 | 2.36 | 2.42 | 2.41 |
| NZGB 12/17 | 2.00 | 2.08 | 2.05 | 2.09 | 2.14 | 2.11 |
| NZGB 03/19 | 2.04 | 2.13 | 2.09 | 2.12 | 2.17 | 2.13 |
| NZGB 04/23 | 2.46 | 2.46 | 2.43 | 2.46 | 2.47 | 2.41 |
| NZGB 04/27 | 2.60 | 2.62 | 2.59 | 2.61 | 2.62 | 2.56 |
| 2 year swap | 2.16 | 2.30 | 2.26 | 2.29 | 2.33 | 2.32 |
| 5 year swap | 2.25 | 2.37 | 2.33 | 2.38 | 2.41 | 2.41 |
| RBNZ TWI | 72.1 | 73.63 | 73.83 | 74.32 | 75.76 | 75.59 |
| NZD/USD | 0.67 | 0.68 | 0.69 | 0.70 | 0.71 | 0.71 |
| NZD/AUD | 0.92 | 0.94 | 0.94 | 0.94 | 0.96 | 0.96 |
| NZD/JPY | 73.36 | 74.19 | 74.57 | 74.99 | 76.14 | 75.94 |
| NZD/GBP | 0.47 | 0.47 | 0.48 | 0.48 | 0.49 | 0.49 |
| NZD/EUR | 0.59 | 0.61 | 0.61 | 0.62 | 0.63 | 0.63 |
| AUD/USD | 0.73 | 0.72 | 0.74 | 0.75 | 0.75 | 0.74 |
| EUR/USD | 1.14 | 1.12 | 1.14 | 1.14 | 1.14 | 1.13 |
| USD/JPY | 108.79 | 108.61 | 107.87 | 107.17 | 106.65 | 107.02 |
| GBP/USD | 1.44 | 1.44 | 1.46 | 1.46 | 1.45 | 1.45 |
| Oil (US$/bbl) | 43.45 | 48.69 | 49.71 | 50.37 | 51.23 | 50.52 |
| Gold (US$/oz) | 1264.31 | 1242.42 | 1243.65 | 1248.80 | 1262.35 | 1266.11 |
| Electricity (Haywards) | 6.66 | 5.80 | 7.42 | 7.20 | 6.36 | 4.50 |
| Baltic Dry Freight Index | 594 | 607 | 606 | 610 | 611 | 610 |
| Milk futures (USD) | 45 | 50 | 51 | 52 | 51 | 50 |

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