ANZ RESEARCH

NEW ZEALAND ECONOMICS
MARKET FOCUS

4 April 2016

INSIDE

NZ ECONOMICS TEAM

Cameron Bagrie
Chief Economist
Telephone: +64 4 802 2212
E-mail: Cameron.Bagrie@anz.com
Twitter @ANZ_cambagrie

Philip Borkin
Senior Economist
Telephone: +64 9 357 4065
Email: Philip.Borkin@anz.com

David Croy
Senior Rates Strategist
Telephone: +64 4 576 1022
E-mail: David.Croy@anz.com

Mark Smith
Senior Economist
Telephone: +64 9 357 4096
E-mail: Mark.Smith2@anz.com

Sam Tuck
Senior FX Strategist
Telephone: +64 9 357 4086
E-mail: Sam.Tuck@anz.com

Kyle Uerata
Economist
Telephone: +64 4 802 2357
E-mail: kyle.uerata@anz.com

Con Williams
Rural Economist
Telephone: +64 4 802 2361
E-mail: Con.Williams@anz.com

Sharon Zöllner
Senior Economist
Telephone: +64 9 357 4094
E-mail: Sharon.Zollner@anz.com

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ECONOMIC OVERVIEW

The economy has somewhat of a split personality at present. Some sectors are doing well, while others are not (dairy). That doesn't look set to change any time soon. But amidst volatility and uncertainty, particularly from offshore, we see the economy navigating challenges relatively well (we see GDP growth of 2½-3% over the coming three years). This week, the QSBO should be consistent with a respectable activity backdrop but is likely to contain convoluted messages for inflation and capacity. NZX futures suggest GDT dairy prices will again bounce along the bottom, although some signals look poor. Our Truckometer and Monthly Inflation Gauge will be closely eyed for domestic momentum and inflation signals.

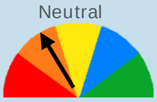
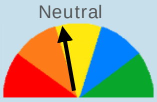
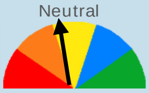
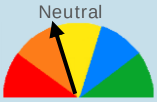
INTEREST RATE STRATEGY

The short-end looks biased lower still on the back of NZD strength and Fed caution. Despite solid US data, the market interpreted last week's comments by Fed Chair Yellen as signalling the Fed is likely to further pare back the pace and timing of policy normalisation, with a gulf between current market pricing and the core Fed view. The flattening evident in local and global curves also runs counter to our steepening bias, but there seems little on the immediate horizon to cause yields to snap higher. The RBA is expected to move towards a more neutral bias after this week's meeting, which should see greater convergence between local and Australian rates. We expect our still-high outright yields to keep the NZD elevated. Local rates are expected to outperform global equivalents, but to still trend higher.

CURRENCY STRATEGY

NZD/USD has broken higher on the back of a dovish tilt from the FOMC, despite firm US data. NZD/USD strength echoes an earlier move higher by AUD/USD and markets will be particularly attentive to RBA commentary this week. New Zealand needs a lower currency, but in a world dominated by other central banks talking currencies down, it may have to wait for it, needing the tenor of domestic data to roll to validate any push lower. That story is not apparent at present so squeezes topside may manifest.

THE ANZ HEATMAP

Variable	View	Comment	Risk profile (change to view)
GDP	2.5% y/y for 2016 Q4	While growth momentum looks reasonable now, tighter financial conditions suggest a more moderate backdrop over 2H 2016.	Neutral  Negative Positive
Unemployment rate	5.5% for 2016 Q4	The demand for labour has recovered, and labour supply is cooling from strong rates. Wage inflation is contained.	Neutral  Negative Positive
OCR	1.75% by Dec 2016	A further 50bps of cuts this year. Growth is set to moderate, credit conditions have deteriorated, and global risks abound.	Neutral  Down Up
CPI	1.0% y/y for 2016 Q4	Lower petrol prices and further ACC levy cuts from July expected to keep headline inflation low this year. Core inflation measures to remain low.	Neutral  Negative Positive

ECONOMIC OVERVIEW

SUMMARY

The economy has somewhat of a split personality at present. Some sectors are doing well, while others are not (dairy). That doesn't look set to change any time soon. But amidst volatility and uncertainty, particularly from offshore, we see the economy navigating challenges relatively well (we see GDP growth of 2½-3% over the coming three years). This week, the QSBO should be consistent with a respectable activity backdrop but is likely to contain convoluted messages for inflation and capacity. NZX futures suggest GDT dairy prices will again bounce along the bottom, although some signals look poor. Our Truckometer and Monthly Inflation Gauge will be closely eyed for domestic momentum and inflation signals.

FORTHCOMING EVENTS

NZIER Quarterly Survey of Business Opinion – Q1 (10:00am, Tuesday, 5 April). Headline confidence may fall back into negative territory, although the overall tone should still be consistent with a respectable growth backdrop. Inflation and resource pressure nuances are likely to be mixed.

ANZ Commodity Price Index – Mar (1:00pm, Tuesday, 5 April).

GlobalDairyTrade Auction (early am, Wednesday, 6 April). Prices appear to be bouncing along the bottom. We still believe the fundamental backdrop is not yet conducive to a meaningful recovery in prices any time soon.

QV House Prices – Mar (12:00pm, Wednesday, 6 April). The Auckland market has cooled and should be capped by affordability considerations. Regional markets are booming.

ANZ Truckometer – Mar (10:00am, Thursday, 7 April).

Government Financial Statements – Feb (10:00am, Friday, 8 April). The January figures were well ahead of forecast, although this looked in part due to some temporary influences. At this stage, stronger activity growth is helping to offset the negative impact of low inflation.

ANZ Monthly Inflation Gauge – Mar (1:00pm, Friday, 8 April).

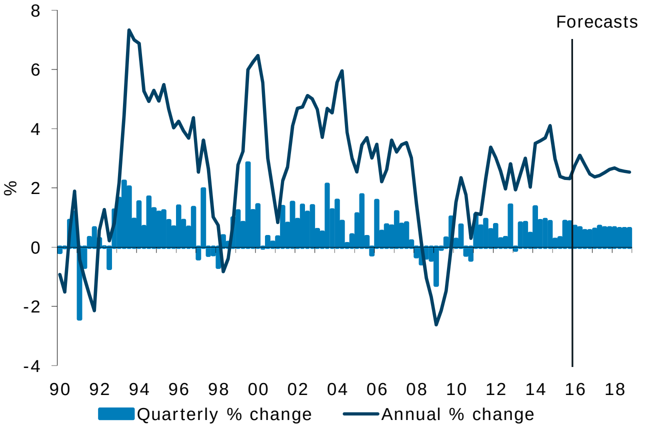
WHAT'S THE VIEW?

Our latest *Economic Outlook* publication was released last week.[1] We'll start this week with a quick summary of the key themes.

The New Zealand economy has a split personality. On the one hand, housing (at least outside Auckland and Christchurch) is booming, as are the construction and tourism sectors. Net immigration gains are adding to both the economy's demand and supply side potential, and stronger credit and household discretionary cash flow growth are lifting spending. The economy has positive momentum right here and now, and firms and consumers generally remain in a buoyant mood. Yet dairy is in the doldrums, with cash flow strains set to persist well into 2018. The terms of trade is still falling, firms are dealing with a growing number of disruptive structural changes (indeed the pace of disruption and change has turned exponential in pace), the NZD is not exporter-friendly, the global scene is tenuous with risks aplenty, financial conditions have tightened, and increased leverage is coming at a time of already-elevated debt levels and stretched asset price valuations. The latter will be worrying if it continues into 2017.

These dichotomies look set to persist. However, the economy has enough momentum to achieve modest growth over the coming years. Positives still dominant the scorecard, and while growth looks set to moderate over the course of 2016 (from over 3% annualised to perhaps 2½%), it is ultimately a growth backdrop that, while not remarkable, is still respectable.

FIGURE 1. REAL GDP GROWTH



Source: ANZ, Statistics NZ

The economy has some key dynamics that will be influential over the coming years as challenges are navigated, particularly from the global scene. There is plenty of policy firepower, with the OCR still well above peers and the fiscal position strong, with scope to move to a more supportive stance (we think it should be now; there is too much reliance and focus on monetary policy alone). A free-floating currency means the NZD will react if the growth backdrop deteriorates; it did in mid-2015 when growth stalled

[1] The document is available at http://www.anz.co.nz/about-us/economic-markets-research/economic-outlook/

ECONOMIC OVERVIEW

and will again should the need arise. So we find it hard to be bearish despite the obvious local challenges (overvalued house prices, fading Christchurch stimulus and dairy sector malaise) and global concerns (the more acute risk). And we are still firm believers in better microeconomic foundations giving the New Zealand economy more resilience. Microeconomics is about small things at the firm, policy and individual level.

As temporary influences wane, inflation is naturally forecast to lift. But this masks considerable tension. Capacity pressures are already evident locally, yet this is going head-to-head with structural deflationary forces both here and abroad. Inflation expectations have fallen too, and low levels risk becoming embedded. We assume cyclical forces eventually win out and headline inflation settles around the 2% midpoint. That is ultimately a vote of confidence in the monetary policy framework.

But the combination of barely trend growth, low inflation and global risks mean additional OCR cuts are more likely than not. We see the cash rate at 1.75% by the end of the year. Credit market dislocation is also part of the story, and given that we've already seen one cut in the OCR not fully passed into retail borrowing rates – and our belief that credit market stress has a degree of persistence about it – the OCR partly needs to drop just to keep retail rates unchanged, let alone drag them materially lower still.

But a lower OCR is not without its risks. It does leave us a little uneasy. The central bank needs to respond to cyclical forces around growth and inflation. We can see some demand-pull inflation coming, although not of sufficient magnitude to drive aggregate inflation. And central bank implicit currency wars are increasingly dragging the RBNZ to the table. We get that. Yet a lower OCR penalises savers and encourages leveraging behaviour at a time debt is already high (in fact higher than prior to the GFC) and asset values (house prices) are booming. A lower OCR tells New Zealanders to go buy another house; and they are doing so. The trade-offs for additional monetary policy stimulus therefore need to be weighed carefully. The finger gets pointed at monetary policy too much. **It's better to pull a multitude of policy levers moderately than pull just the one really hard.**

Other key elements of our assessment include:

- **Global outlook:** Growth is respectable but is masking tensions. Prospects are firm for the US, subdued in Europe, modest in Australia, and a lottery in China. Although financial markets have recovered from their tumultuous start to the year, this looks to be driven more by liquidity than fundamentals and we question its sustainability. The world is awash with imbalances and leverage, policy firepower is facing diminishing returns, and appetites for sustained microeconomic reform are absent with political fracturing now apparent amid signs of voter backlash. That's a worrying blend.
- **Primary sector:** Another negative cash-flow year beckons for dairy farmers and until global milk supplies ease, prices will struggle to recover. Prospects in other sectors range from steady to stellar. New Zealand's meat supply is expected to be back by near double digits, but this should help support prices. The main horticulture crops are on track to post impressive yields, and combined with solid prices, are likely to deliver very profitable returns. Forestry prices are being supported by domestic building activity, shipping rates at multi-decade lows, and a more favourable NZD.
- **Interest & exchange rates:** Short-end interest rates remain biased lower, with the RBNZ expected to cut the OCR twice more in 2016. The interest rate convergence theme remains in play, having been further underscored by easy global monetary policy settings and NZD divergence from fundamentals. With the US Federal Reserve on track to deliver two hikes this year, our forecasts have the yield curve steepening and NZ/US spreads narrowing as US yields move higher. We expect the NZD to weaken gradually as the RBNZ eases policy and the USD strengthens in response to Fed hikes. However, there is a limit to how soon or how quickly the NZD can weaken, given the ongoing strength of domestic economic data and the Fed's renewed dovish stance. We see NZD weakness as more of an H2 2016 story.

Turning to the week ahead, the NZIER's Quarterly Survey of Business Opinion for Q1 is likely to show a softening in sentiment in line with our own *Business Outlook* survey. Based on the historical relationship between the two surveys (and notwithstanding the fact that the QSBO does not directly survey the agriculture sector – where sentiment is undeniably weak), headline QSBO confidence is likely to fall back modestly into negative territory. In Q4, seasonally adjusted QSBO headline confidence was +13. A result around -5 wouldn't surprise us for Q1.

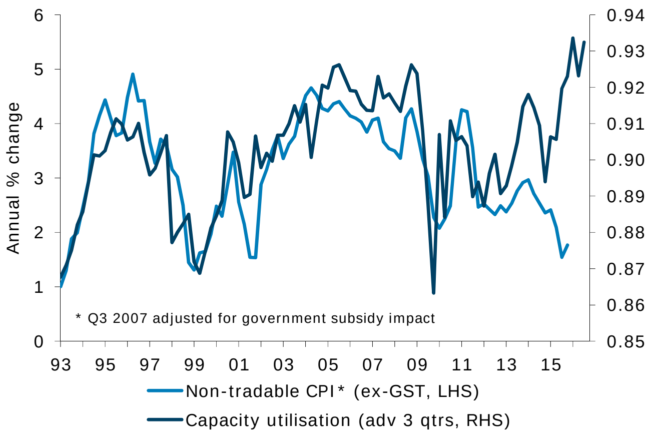
Activity measures from the QSBO are also likely to have eased a touch from Q4 levels. Firms' domestic trading activity conditions may retrace some of the gain in the December quarter and therefore be consistent with a more moderate pace of GDP growth in Q1 than seen at the end of last year. Employment

ECONOMIC OVERVIEW

intentions may also dip slightly from those seen in Q4, although should still be consistent with a decent pace of labour demand. Overall, while there could be a softer tone across a few elements of the survey, we still expect it to point to a reasonably respectable activity backdrop overall of around 2½-3%.

However, we are not expecting such a coherent message from the capacity and inflation indicators of the survey. Although evidence of capacity and resource pressures have certainly been evident of late (the CUBO rose to its second-highest level on record in Q4 and the number of firms reporting capacity as a limiting factor and labour more difficult to find also rose), firms' pricing intentions have remained at historically low levels. In Q4, just a net 3% of firms rose prices, and only a net 9% expected to lift prices over the next three months. Both are well below historical averages. This tension speaks to an environment where other forces are conspiring to dampen the traditional Phillips Curve relationship between capacity and inflation. We doubt that has changed in the March quarter survey.

FIGURE 2. NON-TRADABLE INFLATION VS CAPACITY UTILISATION



Source: ANZ, Statistics NZ, NZIER

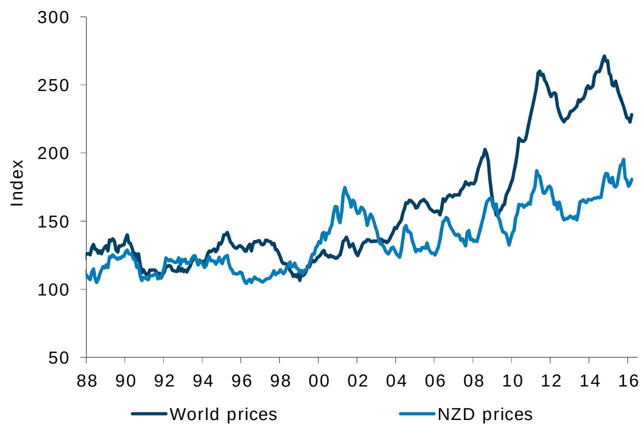
NZX futures suggest largely unchanged milk powder prices and a small (3%) uplift for milkfat prices at this week's GDT auction. There are a number of competing themes that make it hard to gauge short-term direction at present. There seems potential for wholemilk powder to perform a bit better as New Zealand's seasonal volumes decline and it still being the lower-returning product stream versus SMP/milkfat. However, the general news flow for the bulk of dairy products hasn't been that flash since the last auction including:

- **Europe continues to produce a lot more milk**, with January up 5.2% and growth set to accelerate through to May (both seasonally and y/y). The likes of Germany, France, UK and Netherlands continue to lead the charge.
- **New Zealand's milk supply continues to hold up for now**, although anecdotally the flow of cull cows has picked-up of late. This perhaps signals an early finish to the season, with less supplementary feed being used to extend lactation, and a greater focus on pasture management.
- **US cold storage figures for February were high and supply continued to grow.** Interestingly cheese stocks have risen to 30-year highs and prices have dropped substantially since the start of the year. Given cheese requires a lot of milk, lower prices will feed through more aggressively to farm-gate prices and perhaps lower future milk supply. The offset is US corn growers are planning to plant a big crop this coming season. So weather permitting, this could lead to a large crop that may pin feed prices down lower for longer.
- **Chinese milk powder imports for February dropped back** after January's surge for the lower tariff window at the start of the year.

The other piece of news is that while overall volumes to be offered at this week's auction (and near term) are largely unchanged, there has been a change in the contract periods when product will be sold. Essentially some of the later delivery contracts will see less volume offered, with more to be offered in contract one at the next auction and over following months. This could weigh on near-term prices as buyers have more supply, but equally could support prices down the track.

Overall the changes made to when product is to be offered and other news flow suggests buyers still have plenty of choice and there is no rush to move prices up, even though they remain extremely low. This will draw attention back to the NZD, which has become increasingly disconnected from commodity price and dairy movements.

FIGURE 3. EX-DAIRY COMMODITY PRICES



Source: ANZ

ECONOMIC OVERVIEW

Broader commodity prices will also be in focus this week, with our ANZ Commodity Price Index for March released. All eyes will be on non-dairy components. Encouragingly, non-dairy prices rose 2.3% m/m in February. However, this was the first increase in 10 months, and only the third increase over the past 17 months. Moreover, in February, the lift was largely confined to beef and aluminium prices so was hardly broad-based. Improvements in broader export prices are now highly relevant given the recent strength in the NZD. Without it, farm gate prices look set to face downward pressure, which is hardly welcome at a time when dairy sector strains are also intense.

Two of our other key proprietary indicators are also released this week:

- **Truckometer:** The *Heavy Traffic Index* – which has a decent contemporaneous correlation with overall economic activity – certainly started the year on the back foot, tumbling 4.3% m/m in January. It retraced part of this fall in February, rising 1.6% m/m, but it is pointing to a more modest pace of activity growth over Q1 than was seen at the end of 2015. The March figures will of course be watched to see if recovery from January's 'pot-hole' has continued.
- **Monthly Inflation Gauge:** This data will allow us to firm up our expectations for the non-tradable component of the Q1 CPI due in a few weeks' time. In February, the Gauge rose 0.3% m/m, which is in line with seasonal norms. But stripping out tertiary fee increases and housing group prices, the Underlying Ex-housing Gauge rose just 0.1% m/m, with the 3-month increase stable at a low 0.2% rate. It is certainly consistent with a generally benign inflation backdrop overall. If the March increase is in line with its average for the past three years (of 0.2% m/m), then the overall Gauge would signal a circa 1.0% q/q lift in non-tradable inflation. While that looks reasonable, it is actually a touch below what is normally experienced for Q1.

Finally, the Government's Financial Statements for the eight months to February will also give a rough update on how the fiscal coffers are shaping ahead of the May Budget. Based on the January figures, the answer to that would be "pretty good". An OBEGAL surplus of $934m was recorded in January, which is $724m better than forecast. To be fair, some of this appears related to temporary factors, with core Crown expenses lower than forecast in part due to timing issues around some Treaty settlements. However, revenue was also above forecast, due to stronger source deductions and GST tax revenue. The former certainly is consistent with stronger labour market figures at the end of 2015. At this stage, stronger real economic activity appears to be offsetting the negative impact on the fiscal accounts of low inflation.

LOCAL DATA

Building Consents Issued – February. Rebounding from a weak January, dwelling consent issuance lifted 10.8% m/m, with multi-dwelling consents rising 29% m/m and consents for "houses" up 4.1% m/m.

ANZ Business Outlook – March. Headline confidence fell from a net 7% to net 3%. However, firms' own activity expectations lifted from +26 to +29.

RBNZ Credit Aggregates – February. Total private sector credit rose 0.6% m/m (7.2% y/y).

INTEREST RATE STRATEGY

SUMMARY

The short-end looks biased lower still on the back of NZD strength and Fed caution. Despite solid US data, the market interpreted last week's comments by Fed Chair Yellen as signalling the Fed is likely to further pare back the pace and timing of policy normalisation, with a gulf between current market pricing and the core Fed view. The flattening evident in local and global curves also runs counter to our steepening bias, but there seems little on the immediate horizon to cause yields to snap higher. The RBA is expected to move towards a more neutral bias after this week's meeting, which should see greater convergence between local and Australian rates. We expect our still-high outright yields to keep the NZD elevated. Local rates are expected to outperform global equivalents, but to still trend higher.

THEMES

- Market of the view that the Fed will to err on the side on keeping policy rates highly accommodative despite the solid run of US data.
- Curve to eventually steepen, but flattening pressure to dominate for now as US market gravitates to "lower for longer" Fed view and puts "Fed behind the curve" theme on the back-burner.
- Local rates are hovering around record lows, but there is scope for the short-end and the belly of the curve to rally further given our OCR view, NZD, dairy developments and increasing convergence with (lower) global rates.
- Potential for more convergence with Australian yields with the RBA expected to leave rates on hold and move towards a more neutral bias, whilst we expect a further 50bps of OCR cuts in NZ this year.
- Rates convergence still dominant for long-term rates. Either global yields move up or local yields fall, or both. We expect local rates to outperform global equivalents, but to still trend higher.

PREFERRED STRATEGIES – INVESTORS

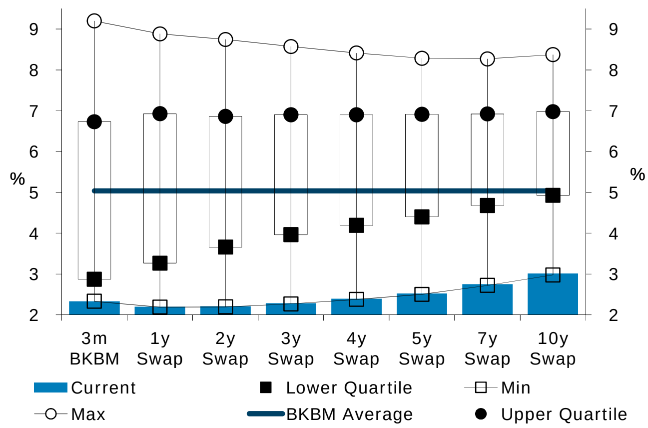
KEY VIEWS – FOR INVESTORS		
GAUGE	**DIRECTION**	**COMMENT**
Duration	Neutral/ Bullish	Short-end lower; long-end rates still high in global context.
2s10s Curve	Steeper	OCR cuts coming, but long-end still biased mildly higher.
Geographic 10yr spread	Narrower	Divergent policy biases argue for gradual narrowing.
Swap spreads	Neutral	Long-end spreads at risk of narrowing, given supply.

PROCEED CAUTIOUSLY

Our strategic view that the curve is biased to steepen as the market more fully incorporates the 50bps of OCR cuts we expect and long-term yields drift up is being tested. For now at least, the curve is moving the other way, with larger falls in global long-term yields resulting in a bull flattening of curves, including our own.

Local yields are at (or close to) historic lows for various tenors (Figure 1), with swap rates out to the two-year tenor below the OCR and 10-year yields hovering around 3%. Falls of 60-80bps have been seen across the curve since the start of the year.

FIGURE 1: NZ SWAP RATE HISTORY



Source: ANZ, Bloomberg

Given the sharp falls evident, the question must be asked whether the local rates market has moved too much. After all, the activity side of the economy still looks to be holding up reasonably well. A softer print for core inflation would almost certainly open the door to an April OCR cut, and this week's print from our Monthly Inflation Gauge will provide important insights. Risks are biased towards the OCR remaining on hold in April, with capacity metrics from the QSBO expected to highlight the prospective risk of higher inflation, and our internal work suggesting core inflation will hold up for a while yet. As such, the 40% odds of an April cut look about right.

However, dairy price weakness is casting a long shadow (NZX futures suggest only a small lift off low levels for this week's GDT auction) and tighter financial conditions signal a moderation in growth. **We are also mindful of renewed NZD strength**, with the TWI now 3% higher than assumed by the RBNZ in March. This will directly impact headline inflation (and possibly inflation expectations) and could force the RBNZ to deliver cuts sooner than we have pencilled in (June and November). Against this backdrop, we prefer to add to received positions at the short-end on back-ups.

We also expect no OCR hikes until mid-2018, and this low-for-longer view has not fully filtered through into market expectations, which are signalling RBNZ rate hikes from early 2017 (Figure 2).

INTEREST RATE STRATEGY

As such, two to three year rates – which are at or above the current OCR – are all biased lower. From a relative value perspective, we see better value in higher-yielding and higher "roll+carry" trades like 2yr/1yr and 2yr/2yr (as opposed to the bellwether 1yr/1yr). Local rates are biased lower, but an RBA no-change decision this week and move towards a more neutral bias should see the market move to further water down the prospect of Aussie rate cuts.

US 10-year Treasury yields, at 1.77%, are at their lowest level in around a month and are close to going through key technical levels, which would augur a move towards 1.65%. Despite solid US data – rebounding manufacturing sector sentiment and further strengthening in employment, though still-moderate wage growth and rising workforce participation – the market seems to be betting that the Fed will proceed to normalise at a glacial pace, with just a 62% chance of one hike this year.

Fedspeak remains a key talking point. Last week's comments by Yellen were interpreted to be dovish, with her noting caution to be "exceptionally warranted" given global uncertainties and the asymmetry of the Fed's ability to deal with further shocks via conventional methods, given the already-low level of interest rates. Comments from Evans were of a similar ilk, but the contents of both speeches were more balanced than the headlines suggested, with a disconnect between the majority of voting members of the FOMC (who see at least two rate hikes this year) and current market pricing. This week's Fed minutes and speeches will be useful for ascertaining if splits have emerged in members' views.

Our strategic bias is for higher term rates and a steeper curve, albeit from a lower starting point given falls of late, with global yields assumed to drift higher. Tempering the climb in local yields and supporting the NZGS will be the allure of our relatively high yields – 10-year yields at 2.9% versus the G10 average of 0.9% excluding New Zealand – and policy biases generally favouring rate cuts. Recent IMF data shows an increase in foreign exchange rate reserves allocated in AUD, with falls in euro-denominated reserves corresponding with low yields on offer there. A similar dynamic is expected to cap local yields, despite higher local issuance and the DMO issuing NZD1.5bn of the new April 2025 bond via syndication last week. The outright yield offered was low from a domestic perspective, carrying a 2.75% coupon and a similar yield, but it remains high by global comparison and we expect much of the deal went offshore. The deal also coincided with the announcement of a new tender schedule (with a further $50m added to the next six fortnightly tenders). This additional supply is likely to weigh on the market somewhat, and does make us slightly less enthusiastic about spread narrowing (although on balance, we expect further narrowing).

PREFERRED STRATEGIES – BORROWERS

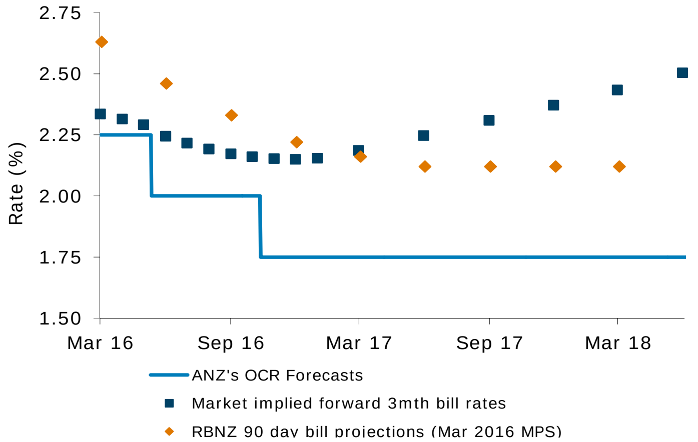
With local swap rates sitting around record lows, it has never been cheaper to fix. However, rates could move lower still. We remain attuned to the potential for credit spreads to widen further as well. If wider credit spreads lead to more RBNZ easing and lower swap rates, hedges designed to protect against rising rates will become ineffective, as they don't guard against wider credit spreads. This – and the volatile trading environment – **has us biased towards favouring an option-based strategy when it comes to new hedging.** Floating rates are also historically cheap, particularly given our expectation of a further 50bps of cuts by the end of the year. This makes the decision to take on more expensive term hedging more difficult.

KEY VIEWS – FOR BORROWERS		
GAUGE	VIEW	COMMENT
Hedge ratio	Majority hedged	Options preferred so as to maintain exposure to lower floating interest rates.
Value	Cheap	Low, but the catalyst for an immediate rise is absent.
Uncertainty	Elevated	The key reason for caution.

MARKET EXPECTATIONS

About 10bps of easing is priced in by April, 21bps by June, 30bps by August, and close to 40bps of cuts by the end of the year.[2]

FIGURE 2: ANZ OCR FORECAST VS MARKET-IMPLIED FWD 3MTH BILL RATES AND RBNZ 90-DAY PROJECTION



Source: ANZ, Bloomberg

[2] From July, a new schedule for OCR decisions will be introduced, with an *MPS* and associated OCR announcement in February, May, August and November, and three intervening OCR Reviews (in March, June and September).

CURRENCY STRATEGY

SUMMARY

NZD/USD has broken higher on the back of a dovish tilt from the FOMC, despite firm US data. NZD/USD strength echoes an earlier move higher by AUD/USD and markets will be particularly attentive to RBA commentary this week. New Zealand needs a lower currency, but in a world dominated by other central banks talking currencies down, it may have to wait for it, needing the tenor of domestic data to roll to validate any push lower. That story is not apparent at present so squeezes topside may manifest.

TABLE 1: KEY VIEWS

CROSS	WEEK	MONTH	YEAR
NZD/USD	↔	Squeezing, but near peak	Profile still lower
NZD/AUD	↔	RBA reaction key	Remain above long-run averages
NZD/EUR	↔/↑	Still in range	Political risks for EUR
NZD/GBP	↔/↑	Consolidating	GBP resurgence
NZD/JPY	↔	BoJ could do more	JPY finding a range

THEMES AND RISKS

- Markets are looking to see if the RBA implicitly endorses a stronger AUD/USD by a less dovish tone. We expect so. That's NZD supportive too.
- The USD is still in control of currency markets, and we expect service sector data to echo other strong data points, raising dissent prospects between Fed members – minutes and speeches.
- We expect NZ data to continue to show a two-toned nature, with no relief for the beleaguered dairy sector from the GDT, but Q1 QSBO to show businesses remain relatively optimistic.

TABLE 2: KEY UPCOMING EVENT RISK

EVENT		WHEN (NZDT)	IMPACT RISK
AUD	Retail sales	Mon 13:30	NZD/AUD ↓
USD	Factory orders	Tue 02:00	NZD/USD ↑
NZD	Q1 QSBO	Tue 10:00	NZD ↑
NZD	ANZ Commodity prices	Tue 13:00	NZD
AUD	Trade Balance	Tue 13:30	NZD/AUD ↑
AUD	RBA	Tue 16:30	NZD/AUD ↔/↑
EUR	PMI (svcs)	Tue 20:00	NZD/EUR ↔/↓
GBP	PMI (svcs)	Tue 20:30	NZD/GBP ↑
GBP	FPC minutes	Tue 20:30	NZD/AUD ↔/↑
USD	ISM non-mfg	Wed 02:00	NZD/USD ↔/↓
NZD	GDT auction	Wed am	NZD ↔/↓
NZD	QV House Prices	Wed 12:00	NZD ↑
USD	FOMC minutes	Thu 06:00	NZD/USD ↓
NZD	ANZ Truckometer	Thu 10:00	NZD
JPY	Governor Kuroda	Thu 12:30	NZD/JPY ↑
EUR	ECB AoMP (minutes)	Thu 23:30	NZD/EUR ↑
USD	Yellen, Bernanke, Greenspan, Volcker	Fri 09:30	NZD/USD ↓↑
NZD	ANZ inflation gauge	Fri 13:00	NZD
GBP	IP, MP, T/B	Fri 20:30	NZD/GBP ↓

EXPORTERS' STRATEGY

The NZD has broken higher, but we continue to advocate patience. However, mid 0.66's now looks attractive for those with short-term requirements.

IMPORTERS' STRATEGY

Importers should consider hedging, as levels over 0.69 look attractive from a medium-term perspective.

DATA PULSE

Once again the USD was weak, ignoring data improvements, driven by a dovish Fed. Fed Chair Yellen set the scene reiterating the Fed's wariness over foreign developments, and its asymmetric ability to deal with the more symmetric risks to inflation. This was a theme that solid ISM and payrolls data were unable to change, as neither added urgency to normalise.

GBP remained under pressure. The BoE Financial Policy Committee saw risks to the market from 'Brexit' potential, while the Q4 current account recorded the largest deficit on record. March manufacturing activity did pick up, but not quite as much as expected, although Q4 GDP was above expectations.

The Chinese economy continues to recover, with positive surprises from both the manufacturing and non-manufacturing official PMIs – both rose above 50.

The EUR strengthened (aided by USD weakness) as activity PMIs and CPI reads were above expectations.

USD/JPY ended last week weaker, despite easing risk sentiment and a weak Q1 Tankan report.

The NZD was strong, aided by a solid ANZ *Business Outlook* report, and strong building permits.

TABLE 3: NZD VS AUD: MONTHLY GAUGES

GAUGE	GUIDE	COMMENT
Fair value	↔	FV is above long-run averages.
Yield	↔	Risks well priced.
Commodities	↓	Iron ore stable, milk not so much.
Data	↔/↓	NZ data tenor to soften.
Techs	↔/↓	0.91 is a key pivot level.
Sentiment	↔	Equal reactions to sentiment.
Other	↑	RBA to react to strong AUD/USD?
On balance	↔	**Near pivot.**

TABLE 4: NZD VS USD: MONTHLY GAUGES

GAUGE	GUIDE	COMMENT
Fair value	↔	Closer to fair value.
Yield	↔	Yield changes well priced.
Commodities	↔/↓	Still risks to the downside.
Risk aversion	↔↑	Resilience to risk notable.
Data	↓	US data is trending well, while we see a softening tone in NZ.
Techs	↔	Broken up, but resistance remains.
Other	↔/↓	Global sentiment improving, which releases the Fed.
On balance	↔/↓	**Too high for the run of data.**

CURRENCY STRATEGY

TECHNICAL OUTLOOK

FIGURE 1. NZD/USD DAILY CANDLES WITH RSI & MA

NZD/USD has broken resistance and consolidated above it. This opens the way for NZD/USD to test up to the 32.8% retrace of this down move, which is at 0.7164 (red arrows). However, we continue to expect the eventual path for NZD to be lower (blue arrow), and thus view strength from here as a selling opportunity.

FIGURE 2. NZD/AUD DAILY CANDLES WITH RSI & MA

NZD/AUD has rebounded nicely and is now challenging the key pivot zone between 0.9050 and 0.91. This level is pivotal in the existing range, and a break above it would negate those looking for a test of support lower. Importers should therefore look at this level.

TABLE 5: KEY TECHNICAL ZONES

CROSS	SUPPORT	RESISTANCE
NZD/USD	0.6750 – 0.6800 0.6620 – 0.6630	0.6940 – 0.6960 0.7160 – 0.7200
NZD/AUD	0.8820 – 0.8840 0.8700 – 0.8740	0.9050 – 0.9100 0.9480 – 0.9520
NZD/EUR	0.5800 – 0.5850	0.6280 – 0.6330
NZD/GBP	0.4630 – 0.4660	0.4930 – 0.4980
NZD/JPY	73.50 – 74.00 69.80 – 70.20	78.70 – 79.50 82.40 – 83.00

POSITIONING

The modest reduction in USD longs continues, with CAD, AUD, MXN and NZD longs increasing. EUR shorts were reduced. The exceptions to this trend were JPY longs being reduced, and the market continuing to build GBP shorts.

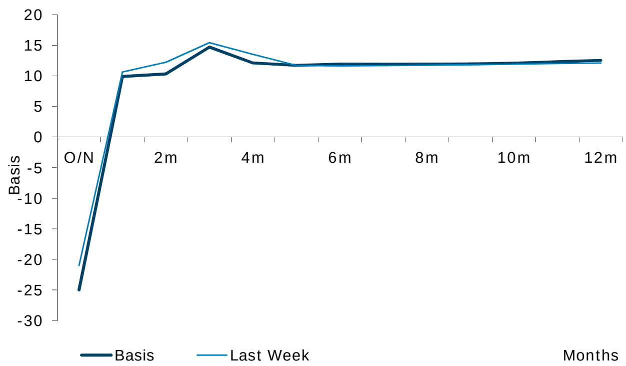
GLOBAL VIEWS

Q1 had a torrid start with market fears over global prospects peaking earlier in the quarter; this has driven a notable convergence in global central bank rhetoric in Q1. The BoJ moved to negative rates, the ECB moved further into negative territory, the RBNZ delivered a surprise cut, and the Fed showed a notable dovish shift – with the FOMC appearing to have changed their reaction function to being happily behind the curve. This has driven markets into a holding pattern, reducing USD longs, and searching for yield, driving AUD and NZD higher as prospects for yield conversion diminished.

However, more recent data has shown improving prospects for the global economy, particularly the US and China. This suggests we may have passed 'peak fear' and this may allow a reversal of these flows as 'normality' and yield conversion again grow.

FORWARDS: CARRY AND BASIS

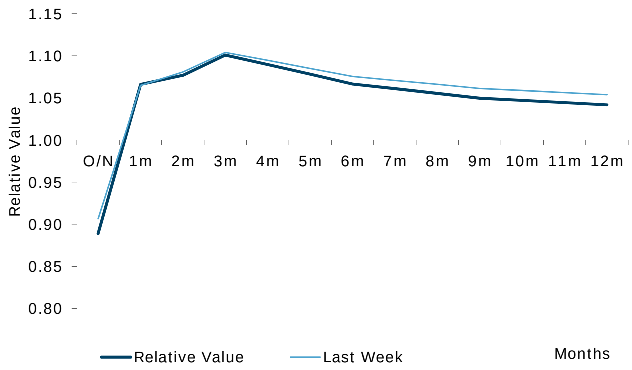
FIGURE 3. NZD/USD SHORT BASIS CURVE



Source: ANZ, Bloomberg, Reuters

Forward markets are awash with cash as O/N traded between 20 and 50bps below OCR. This implies the spot markets are long NZD at these elevated levels. The rally in short term rates saw basis under pressure to tighten as traders sought yield. The signal from the forwards markets is that positioning is already long here.

FIGURE 4. RELATIVE ATTRACTION OF THE FWD CURVE



Source: ANZ, Bloomberg, Reuters

DATA EVENT CALENDAR

DATE	COUNTRY	DATA / EVENT	MKT.	LAST	NZ TIME
4-Apr	AU	Retail Sales MoM - Feb	0.4%	0.3%	13:30
	AU	ANZ Job Advertisements MoM - Mar	--	-1.2%	13:30
	AU	Building Approvals MoM - Feb	2.0%	-7.5%	13:30
	AU	Building Approvals YoY - Feb	-9.0%	-15.5%	13:30
	UK	Markit/CIPS Construction PMI - Mar	54.1	54.2	20:30
	EC	Sentix Investor Confidence - Apr	7.0	5.5	20:30
	EC	PPI MoM - Feb	-0.5%	-1.0%	21:00
	EC	PPI YoY - Feb	-4.0%	-2.9%	21:00
	EC	Unemployment Rate - Feb	10.3%	10.3%	21:00
	CH	Leading Index - Feb	--	98.12	UNSPECIFIED
5-Apr	US	ISM New York - Mar	54.1	53.6	01:45
	US	Factory Orders - Feb	-1.8%	1.6%	02:00
	US	Factory Orders Ex Trans - Feb	-0.5%	-0.2%	02:00
	US	Durable Goods Orders - Feb F	-2.8%	-2.8%	02:00
	US	Durables Ex Transportation - Feb F	-1.0%	-1.0%	02:00
	US	Cap Goods Orders Nondef Ex Air - Feb F	--	-1.8%	02:00
	US	Cap Goods Ship Nondef Ex Air - Feb F	--	-1.1%	02:00
	NZ	NZIER QSBO - Q1	--	14.7	10:00
	AU	AiG Perf of Services Index - Mar	--	51.8	11:30
	AU	ANZ-RM Consumer Confidence Index - 3-Apr	--	114.5	11:30
	NZ	ANZ Commodity Price - Mar	--	0.4%	13:00
	AU	Trade Balance - Feb	-2500M	-2937M	13:30
	AU	RBA Cash Rate Target - Apr	2.00%	2.00%	16:30
	GE	Factory Orders MoM - Feb	0.3%	-0.1%	18:00
	GE	Factory Orders WDA YoY - Feb	2.2%	1.1%	18:00
	GE	Markit Services PMI - Mar F	55.5	55.5	19:55
	GE	Markit/BME Composite PMI - Mar F	54.1	54.1	19:55
	EC	Markit Services PMI - Mar F	54.0	54.0	20:00
	EC	Markit Composite PMI - Mar F	53.7	53.7	20:00
	UK	Official Reserves Changes - Mar	--	$1362M	20:30
	UK	Markit/CIPS Services PMI - Mar	53.5	52.7	20:30
	UK	Markit/CIPS Composite PMI - Mar	53.4	52.8	20:30
	EC	Retail Sales MoM - Feb	0.0%	0.4%	21:00
	EC	Retail Sales YoY - Feb	1.9%	2.0%	21:00
6-Apr	US	Trade Balance - Feb	-$46.2B	-$45.7B	00:30
	US	Markit Services PMI - Mar F	51.2	51.0	01:45
	US	Markit Composite PMI - Mar F	--	51.1	01:45
	US	ISM Non-Manf. Composite - Mar	54.1	53.4	02:00
	US	IBD/TIPP Economic Optimism - Apr	47.5	46.8	02:00
	US	JOLTS Job Openings - Feb	--	5541	02:00
	NZ	QV House Prices YoY - Mar	--	11.6%	12:00
	CH	Caixin PMI Services - Mar	--	51.2	13:45
	CH	Caixin PMI Composite - Mar	--	49.4	13:45
	GE	Industrial Production SA MoM - Feb	-1.8%	3.3%	18:00
	GE	Industrial Production WDA YoY - Feb	0.4%	2.2%	18:00
	GE	Markit Construction PMI - Mar	--	59.6	19:30
	GE	Markit Retail PMI - Mar	--	52.5	20:10
	EC	Markit Retail PMI - Mar	--	50.1	20:10

Continued on following page

DATA EVENT CALENDAR

DATE	COUNTRY	DATA/EVENT	MKT.	LAST	NZ TIME
6-Apr	US	MBA Mortgage Applications - 1-Apr	--	-1.0%	23:00
7-Apr	US	US Fed Minutes from March 15-16 FOMC Meeting	--	--	06:00
	NZ	ANZ Truckometer Heavy MoM - Mar	--	1.6%	10:00
	AU	AiG Perf of Construction Index - Mar	--	46.1	11:30
	AU	Foreign Reserves - Mar	--	A$61.2B	18:30
	UK	Halifax House Prices MoM - Mar	0.9%	-1.4%	19:30
	UK	Halifax House Price 3Mths/Year - Mar	9.5%	9.7%	19:30
	UK	Unit Labor Costs YoY - 4Q	1.9%	1.9%	20:30
	EC	ECB account of the monetary policy meeting	--	--	23:30
	CH	Foreign Reserves - Mar	$3205.5B	$3202.3B	UNSPECIFIED
8-Apr	US	Initial Jobless Claims - 2-Apr	270k	276k	00:30
	US	Continuing Claims - 26-Mar	2170k	2173k	00:30
	US	Consumer Credit - Feb	$14.900B	$10.538B	07:00
	JN	BoP Current Account Balance - Feb	¥2011.4B	¥520.8B	11:50
	JN	BoP Current Account Adjusted - Feb	¥1571.9B	¥1492.4B	11:50
	JN	Trade Balance BoP Basis - Feb	¥398.0B	-¥411.0B	11:50
	NZ	ANZ Monthly Inflation Gauge MoM - Mar	--	0.3%	13:00
	GE	Trade Balance - Feb	18.0B	13.4B	18:00
	GE	Current Account Balance - Feb	16.5B	13.2B	18:00
	GE	Exports SA MoM - Feb	0.5%	-0.6%	18:00
	GE	Imports SA MoM - Feb	-0.3%	1.3%	18:00
	UK	Industrial Production MoM - Feb	0.1%	0.3%	20:30
	UK	Industrial Production YoY - Feb	0.0%	0.2%	20:30
	UK	Manufacturing Production MoM - Feb	-0.2%	0.7%	20:30
	UK	Manufacturing Production YoY - Feb	-0.7%	-0.1%	20:30
	UK	Visible Trade Balance GBP/Mn - Feb	-£10200	-£10289	20:30
	UK	Trade Balance Non EU GBP/Mn - Feb	-£2500	-£2199	20:30
	UK	Trade Balance - Feb	-£3400	-£3459	20:30
	NZ	REINZ House Sales YoY - Mar	--	5.7%	8-14 Apr
	CH	Foreign Direct Investment YoY CNY - Mar	--	1.8%	8-12 Apr
9-Apr	UK	NIESR GDP Estimate - Mar	--	0.3%	02:00
	US	Wholesale Inventories MoM - Feb	-0.2%	0.2%	02:00
	US	Wholesale Trade Sales MoM - Feb	0.2%	-1.7%	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

Domestic economic momentum is reasonable at present. However, downside risks exist (mainly from offshore) and with inflation already low, we believe the RBNZ will cut the OCR twice more this year.

DATE	DATA/EVENT	ECONOMIC SIGNAL	COMMENT
Tue 5 Apr (10:00am)	NZIER QSBO – Q1	Services led	Headline confidence may ease, although the overall tone should still be consistent with a respectable growth backdrop. Inflation and resource pressure nuances are likely to be mixed.
Tue 5 Apr (1:00pm)	ANZ Commodity Price Index – Mar	--	--
Wed 6 Apr (early am)	GlobalDairyTrade Auction	Bouncing along the bottom	The fundamental backdrop is not yet conducive to a meaningful recovery in prices.
Wed 6 Apr (12:00pm)	QV House Prices – Mar	Regional mix	The Auckland market has cooled and should be capped by affordability considerations. Regional markets are booming.
Thu 7 Apr (10:00am)	ANZ Truckometer – Mar	--	--
Fri 8 Apr (10:00am)	Government Financial Statements – Feb	Looking okay	At this stage, stronger activity growth is helping to offset the negative impact of low inflation.
Fri 8 Apr (1:00pm)	ANZ Monthly Inflation Gauge – Mar	--	--
8-15 Apr	REINZ Housing Statistics – Mar	Regional mix	The Auckland market has cooled and should be capped by affordability considerations. Regional markets are booming.
Mon 11 Apr (10:45am)	Electronic Card Transactions – Mar	Decent	Lower petrol prices, falling mortgage rates, strong population growth and an improving labour market are key supports.
Wed 13 Apr (10:45am)	Food Prices – Mar	Drop	A modest fall is likely as prices continue to unwind the sharp increase seen in January.
Thu 14 Apr (10:30am)	BNZ-Business NZ Manufacturing PMI – Mar	Holding up	Outside of monthly volatility, sentiment should have held up okay, with support from a solid domestic economy evident.
Mon 18 Apr (10:45am)	CPI – Q1	Soft	Petrol price falls act as a large drag on the headline result, which we expect to lift by a modest 0.2% q/q (0.5% y/y).
Tue 19 Apr (10:30am)	BNZ-Business NZ PSI – Mar	Holding up	Services sectors have generally been leading the expansion.
Wed 20 Apr (early am)	GlobalDairyTrade Auction	Bouncing along the bottom	The fundamental backdrop is not yet conducive to a meaningful recovery in prices.
Thu 21 Apr (10:00am)	ANZ Job Advertising – Mar	--	--
Thu 21 Apr (10:45am)	International Travel & Migration – Mar	Near a peak?	While it is possible that net inflows peak around current record levels, it is hard to see a turn lower without the domestic economy deteriorating.
Thu 21 Apr (1:00pm)	ANZ-Roy Morgan Consumer Confidence – Apr	--	--
Wed 27 Apr (10:45am)	Overseas Merchandise Trade – Mar	Seasonal high	March is the seasonal high point for the trade balance. Once the oil price impact wanes, a deteriorating trend should return.
Thu 28 Apr (9:00am)	RBNZ OCR Review	On hold	A cut can't be ruled out (Q1 CPI will be key), but at this stage we see the RBNZ pausing, but retaining a clear easing bias.
Fri 29 Apr (10:45am)	Building Consents Issued – Mar	Upward trend	Regional dichotomies are clear. But we expect a modestly positive nationwide trend to remain.
Fri 29 Apr (1:00pm)	ANZ Business Outlook – Apr	--	--
Fri 29 Apr (3:00pm)	RBNZ Credit Aggregates – Mar	Re-leveraging	Credit growth is running well ahead of incomes. This type of behaviour can only be a temporary phenomenon.
On balance		**Data watch**	**Reasonable momentum at present, but with risks. Inflation remains low.**

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	**0.7**	**0.7**	**0.6**	**0.6**	**0.6**	**0.7**	**0.7**	**0.7**	**0.7**
GDP (% yoy)	2.3	**2.8**	**3.1**	**2.8**	**2.5**	**2.4**	**2.4**	**2.5**	**2.6**	**2.7**
CPI (% qoq)	-0.5	**0.2**	**0.3**	**0.4**	**0.0**	**0.6**	**0.4**	**0.7**	**0.3**	**0.6**
CPI (% yoy)	0.1	**0.5**	**0.4**	**0.5**	**1.0**	**1.3**	**1.4**	**1.7**	**1.9**	**1.9**
Employment (% qoq)	0.9	**0.6**	**0.5**	**0.5**	**0.4**	**0.4**	**0.4**	**0.4**	**0.4**	**0.4**
Employment (% yoy)	1.4	**1.3**	**1.6**	**2.6**	**2.0**	**1.8**	**1.8**	**1.7**	**1.7**	**1.6**
Unemployment Rate (% sa)	5.3	**5.8**	**5.7**	**5.6**	**5.5**	**5.5**	**5.4**	**5.4**	**5.3**	**5.2**
Current Account (% GDP)	-3.0	**-3.3**	**-3.6**	**-4.2**	**-4.7**	**-5.0**	**-5.1**	**-4.9**	**-4.6**	**-4.3**
Terms of Trade (% qoq)	-2.0	**-2.0**	**-3.0**	**-2.7**	**-0.3**	**0.8**	**1.8**	**2.7**	**1.8**	**0.8**
Terms of Trade (% yoy)	-3.2	**-6.2**	**-10.4**	**-9.4**	**-7.8**	**-5.3**	**-0.6**	**5.0**	**7.2**	**7.3**

	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
Retail ECT (% mom)	0.5	0.4	0.4	0.9	0.1	0.8	0.1	0.4	0.7	--
Retail ECT (% yoy)	5.0	5.6	4.2	6.1	5.8	4.6	6.6	5.2	9.2	--
Credit Card Billings (% mom)	0.3	1.7	1.5	-2.0	1.7	0.7	-0.7	1.9	-0.4	--
Credit Card Billings (% yoy)	6.7	9.7	10.4	7.3	7.8	8.5	7.4	8.3	7.3	--
Car Registrations (% mom)	5.2	0.5	-2.3	0.0	-1.3	-2.0	3.1	-2.9	5.7	--
Car Registrations (% yoy)	11.2	10.7	7.8	5.0	3.8	1.3	2.4	-1.1	7.4	--
Building Consents (% mom)	-4.5	23.2	-8.1	-5.1	5.3	1.9	2.8	-7.8	10.8	--
Building Consents (% yoy)	-3.9	22.2	11.1	17.3	14.6	7.3	17.4	5.1	27.1	--
REINZ House Price Index (% yoy)	14.8	14.9	17.3	20.1	14.1	12.5	12.6	10.7	11.9	--
Household Lending Growth (% mom)	0.6	0.7	0.6	0.7	0.7	0.6	0.6	0.6	--	--
Household Lending Growth (% yoy)	5.6	6.0	6.3	6.7	7.0	7.2	7.4	7.5	--	--
ANZ Roy Morgan Consumer Conf.	119.9	113.9	109.8	110.8	114.9	122.7	118.7	121.4	119.7	118.0
ANZ Business Confidence	-2.3	-15.3	-29.1	-18.9	10.5	14.6	23.0	..	7.1	3.2
ANZ Own Activity Outlook	23.6	19.0	12.2	16.7	23.7	32.0	34.4	..	25.5	29.4
Trade Balance ($m)	-182	-730	-1090	-1140	-905	-795	-45	13	339	--
Trade Bal ($m ann)	51371	51643	52446	52287	52101	52648	52513	52765	52872	--
ANZ World Commodity Price Index (% mom)	-3.1	-5.5	-5.3	5.6	7.1	-5.6	-1.8	-2.3	0.4	--
ANZ World Comm. Price Index (% yoy)	-19.7	-22.1	-23.6	-18.2	-11.6	-15.3	-12.9	-14.7	-17.8	--
Net Migration (sa)	4930	5740	5490	5590	6130	6240	5550	6130	6070	--
Net Migration (ann)	58259	59639	60290	61234	62477	63659	64930	65911	67391	--
ANZ Heavy Traffic Index (% mom)	1.7	0.0	-0.4	2.0	0.9	0.2	2.9	-4.3	1.6	--
ANZ Light Traffic Index (% mom)	0.9	-0.2	-0.5	2.7	-1.1	0.2	0.9	-1.3	2.0	--

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	Feb-16	Mar-16	Today	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17
NZD/USD	0.661	0.693	0.690	0.65	0.63	0.59	0.58	0.58	0.60	0.62
NZD/AUD	0.925	0.902	0.899	0.88	0.88	0.88	0.88	0.88	0.88	0.89
NZD/EUR	0.606	0.609	0.605	0.59	0.59	0.55	0.52	0.50	0.50	0.51
NZD/JPY	74.62	77.81	77.06	68.3	66.2	62.0	58.0	58.0	60.0	62.0
NZD/GBP	0.477	0.481	0.485	0.48	0.43	0.39	0.37	0.37	0.38	0.38
NZ$ TWI	71.0	72.2	72.9	68.6	67.1	63.4	61.4	60.9	61.8	63.1
INTEREST RATES	Feb-16	Mar-16	Today	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17
NZ OCR	2.50	2.25	2.25	2.00	2.00	1.75	1.75	1.75	1.75	1.75
NZ 90 day bill	2.56	2.34	2.34	2.10	2.10	1.90	1.90	1.90	1.90	1.90
NZ 10-yr bond	2.97	2.93	2.90	2.90	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	0.63	0.63	0.63	0.83	0.83	1.08	1.08	1.33	1.33	1.58
AU Cash Rate	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
AU 3-mth	2.29	2.29	2.28	2.30	2.30	2.40	2.40	2.40	2.40	2.40

	1 Mar	28 Mar	29 Mar	30 Mar	31 Mar	1 Apr
Official Cash Rate	2.50	2.25	2.25	2.25	2.25	2.25
90 day bank bill	2.56	2.33	2.35	2.34	2.34	2.33
NZGB 12/17	2.25	2.13	2.14	2.07	2.04	2.05
NZGB 03/19	2.35	2.27	2.28	2.21	2.17	2.17
NZGB 04/23	2.92	3.04	3.05	2.98	2.93	2.78
NZGB 04/27	3.23	3.37	3.38	3.31	3.27	2.93
2 year swap	2.41	2.23	2.24	2.22	2.20	2.20
5 year swap	2.52	2.45	2.47	2.41	2.38	2.40
RBNZ TWI	72.1	71.53	71.92	72.53	72.88	72.83
NZD/USD	0.6607	0.67	0.67	0.68	0.69	0.69
NZD/AUD	0.93	0.89	0.89	0.90	0.90	0.90
NZD/JPY	74.26	75.53	76.62	77.00	77.47	77.39
NZD/GBP	0.47	0.48	0.47	0.48	0.48	0.48
NZD/EUR	0.61	0.60	0.60	0.61	0.61	0.61
AUD/USD	0.71	0.75	0.76	0.76	0.76	0.77
EUR/USD	1.09	1.12	1.12	1.13	1.13	1.14
USD/JPY	112.40	112.75	113.53	112.50	112.37	112.14
GBP/USD	1.39	1.41	1.42	1.44	1.43	1.43
Oil (US$/bbl)	32.74	38.14	37.99	36.91	36.91	36.94
Gold (US$/oz)	1243.80	1211.76	1218.55	1235.40	1227.80	1230.30
Electricity (Haywards)	5.43	4.33	5.40	6.27	6.70	7.52
Baltic Dry Freight Index	332	--	409	414	429	450
Milk futures (USD)	36	41	40	40	40	38

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