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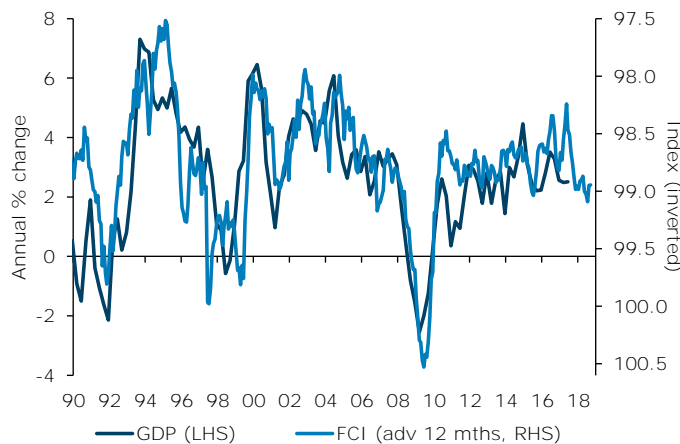
ECONOMIC OVERVIEW

Our latest set of economic forecasts depicts an economy performing in a solid, albeit unspectacular, manner. Headline growth is respectable; per capita growth and productivity growth are not. The drivers of the economic expansion are evolving (peak construction and migration, but commodity prices, fiscal stimulus and household income prospects are set to add some impetus), at the same time as there are some headwinds from housing weakness and capacity constraints. Ultimately we see growth holding in a 2½ to 3% range going forward. In data this week, the NZIER’s QSBO for Q3 is likely to show a little more caution on the part of firms, just as our September Business Outlook did. Dairy prices are biased higher, while our Commodity Price Index will provide another update on the broader farm-gate picture. Job ads will provide an update on labour demand.

CHART OF THE WEEK

Domestic financial conditions have tightened, but remain at a level consistent with GDP growth holding in a 2½-3% range.

GDP and Financial Conditions Index



Source: ANZ, Statistics NZ

THE ANZ HEATMAP

Variable	View	Comment	Risk profile (change to view)
GDP	2.8% y/y for 2018 Q2	The economy is not quite firing on all cylinders as it deals with late-cycle headwinds. However, we see growth holding around 2½-3%.	Neutral Negative Positive
Unemployment rate	4.5% for 2018 Q2	The unemployment rate should continue to trend gradually lower. Wage growth is benign, but conditions for change are emerging.	Neutral Negative Positive
OCR	1.75% by Jun 2018	While we can't really make the case for a lower OCR, interest rate hikes would be hard to justify too, with inflation impacted by secular forces.	Neutral Down Up
CPI	1.4% y/y for 2018 Q2	Oil price weakness will weigh on headline inflation, but domestic and core inflation should lift gradually.	Neutral Negative Positive

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SUMMARY

Our latest set of economic forecasts depicts an economy performing in a solid, albeit unspectacular, manner. Headline growth is respectable; per capita growth and productivity growth are not. The drivers of the economic expansion are evolving (peak construction and migration, but commodity prices, fiscal stimulus and household income prospects are set to add some impetus), at the same time as there are some headwinds from housing weakness and capacity constraints. Ultimately we see growth holding in a 2½ to 3% range going forward. In data this week, the NZIER's QSBO for Q3 is likely to show a little more caution on the part of firms, just as our September Business Outlook did. Dairy prices are biased higher, while our Commodity Price Index will provide another update on the broader farm-gate picture. Job ads will provide an update on labour demand.

FORTHCOMING EVENTS

NZIER Quarterly Survey of Business Opinion – Q3 (10:00am, Tuesday, 3 October). As with our latest Business Outlook survey, business sentiment may have taken a hit from current political uncertainty. Capacity and resource pressures will remain.

GlobalDairyTrade Auction (early am, Wednesday, 4 October). Concerns over local production could see prices biased higher.

ANZ Job Ads – September (10:00am, Wednesday, 4 October).

ANZ Commodity Price Index – September (1:00am, Wednesday, 4 October).

Government Financial Statements – FY17 (12:00pm, Thursday, 5 October). The numbers should look similar to PREFU, where an OBEGAL surplus of \$3.7bn (1.4% of GDP) was pencilled in.

WHAT'S THE VIEW?

Last week we released our latest *Economic Outlook* publication. Below is a quick summary of some of the key points.

The New Zealand economy is performing in a solid, albeit unspectacular, manner. Headline growth is respectable. However, per capita growth and productivity growth are not.

It is clear that the economy is grappling with some material growth headwinds. These include difficulties finding skilled staff and capacity constraints, financial stability considerations that have necessitated a turn in some pro-cyclical parts of the economy, and the impact on activity as banks have attended to a sizeable funding gap, which has slowed

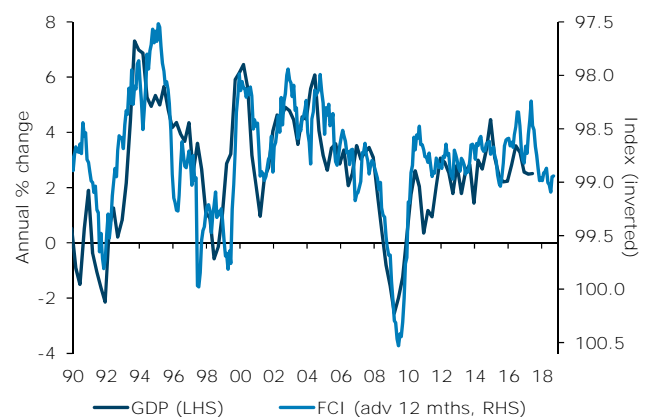
credit growth. On top of this, risks that softer housing market activity proliferates across the wider economy and the impact of highlighted policy and political uncertainty are two immediate challenges that also need to be navigated.

These factors highlight that the risk profile around the domestic economic outlook has shifted a little. As we noted in last week's Market Focus, we have lowered our views on sequential GDP growth over the second half of 2017 and into early 2018, trimming quarterly growth by 0.1-0.2%pts to a modest 0.6-0.7% pace.

This is all occurring at the same time as the economy is transitioning in terms of its growth drivers. We've reached peak construction as the sector battles capacity constraints, growth in international tourist arrivals is slowing, and net migrant inflows have topped out.

However, other factors should step up, such as the benefits of terms of trade strength, fiscal stimulus and decent household income growth prospects, which should all provide impetus. In addition, financial conditions are still supportive (although certainly tighter than 12 months ago).

Figure 1. GDP and Financial Conditions Index



Source: ANZ, Statistics NZ

We are also assuming New Zealand's economic policy direction will remain reasonably centralist. There is heightened uncertainty over the next few weeks and there may be some initial angst about any specific policy concessions that are required to get a coalition formed. However, we do see pragmatism ultimately prevailing and are not expecting a significant lurch in policy direction. That is the beauty of MMP. It keeps policy near the centre lane. There will be change, and more attention will need to be paid to fiscal policy. But change is not likely to be of the radical variety. We expect the mantra from businesses to still be "just get on with it".

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Encouragingly, late-cycle excesses are less apparent than we've tended to see historically.

The current account deficit is in check, net external debt is declining as a share of GDP and inflation is low. It is true that household debt is elevated and risks in the Auckland housing market remain. However, late-cycle excesses are being more actively managed currently than they've been in the past.

We remain constructive on growth overall.

Growth transitions of the sort we expect are hardly ever smooth. There will be the odd bump along the way. But we still see enough in the way of positive forces for activity growth to maintain a 2½-3% pace over the next couple of years – in other words, holding broadly around trend. It should be enough to see the unemployment rate continue to inch lower; we see it at 4.4% by the end of 2018.

But steady growth broadly around trend is not going to dramatically alter the inflation outlook.

We see inflation creeping higher, but only gradually. And that highlights the clear challenge facing the RBNZ. It would prefer core inflation closer to 2% (versus around 1½% currently), but growth only at trend is not going to deliver it.

Our bias is still that the next move in the OCR will be a hike, and probably late next year. That is predicated on a belief that the NZD will come under pressure as the global central bank liquidity tap is slowly turned off, that wage growth slowly picks up off lows as skill shortages bite, and that fiscal policy becomes more expansionary. **However, it is not a strongly held view. We're reasonably sympathetic to the idea that monetary policy is on an extended holiday – if not an indefinite one.**

As regards the global backdrop, our forecasts depict a steady picture for global growth heading into 2018. Growth is seen at the upper end of recent experience. The broad-based nature of the expansion should continue. However, ongoing structural headwinds mean a further acceleration in growth is unlikely. Central banks are inching towards the stimulus exit door as financial stability concerns mount. That's an environment in which fundamentals will eventually be eyed – and the world's economic fundamentals are not great: debt is high, productivity is weak, demographics are unfavourable and we are facing huge policy uncertainty. Solid growth is expected, but the confidence interval around that expectation is wide.

In terms of the outlook for primary sectors, some moderation in export prices is on the cards into the first half of 2018, but a lower NZD will provide some offset. While demand indicators remain

robust, improved local supply conditions, increased competitive tensions and higher end-consumer prices flag moderation. Dairy farm cashflow is very healthy, but there could be downside to the milk price from higher export supply if it materialises.

And finally, with the RBNZ firmly on hold, short-end yields should remain anchored around current levels until at least early 2018. Globally, yields should rise slowly as QE is wound back, and while that will also lift local long-end yields, some spread compression will offset. **The NZD is likely to remain elevated into 2018 before we favour a modest retracement** as the global liquidity cycle turns, some cyclical forces favour the USD, and as the RBNZ is a slow adopter in removing stimulus. But currency cycles are set to be modest by historical standards.

Turning to this week's data, the NZIER's Quarterly Survey of Business Opinion (QSBO) for Q3 is likely to show a little more caution on the part of firms, in line with what our own September Business Outlook showed. Headline confidence within our Business Outlook fell from +18 to 0 in the month, and based on the historical correlation between the two surveys, we wouldn't be surprised if a similar drop is seen in the QSBO measure. Certainly it looks as though the recent bout of political uncertainty is seeing firms turn a little more cautious.

This caution could also see activity gauges ease too, although we still expect them to hold up at reasonable levels. In Q2, firms' experienced and expected trading conditions eased to +18 and +23 (from +20 and +25) respectively. Similarly sized drops may be seen in the Q3 survey, if not a little more. That would be consistent with our view that growth over the second half of this year and into early 2018 could be on the modest side (and perhaps a touch below trend).

Capacity and resource pressures will remain a theme, although they too could have eased a little. In Q2, capacity utilisation fell from Q1's all-time high of 93.6% to 92.4%. The number of firms reporting capacity as a major limiting factor dipped from 17% to 16%. There are questions over where the economy's trend rate of growth is at present (with poor productivity growth arguing that it is perhaps below our 2¾% view), but if these measures ease again, it would be consistent with growth running a little below trend at present. In saying that, we'd expect the number of firms reporting finding skilled staff to remain elevated (it was a net 47% in Q2).

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Figure 2: Difficulty finding labour



Source: ANZ, NZIER

This week's GDT auction is expected to see a lift for wholemilk powder prices (+3% NZX WMP) and a flat outcome for other products.

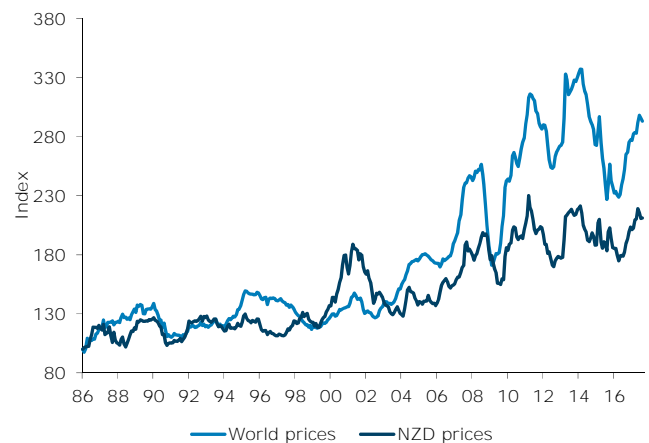
There is increasing concern around early-season milk supply from New Zealand, which has driven expectations of an upcoming production downgrade from Fonterra and lower GDT volumes. Very low carryover inventory from 2016/17 (Fonterra carrying 54,000 mt less product into 2017/18), which was arguably the reason for the dramatic fall in August exports, as well as strong demand growth for other foodservice/ingredient products (i.e. cheese and creams) also seem to be supporting prices. Both dynamics are reducing the availability of wholemilk powder through sales channels outside GDT (as GDT volumes have been largely unchanged so far). The other support factor is Chinese demand for the free trade window (circa 10% lower tariff). However, this demand appears to be steady rather than spectacular, with the last auction receiving more demand support from South-East Asia and the Middle East.

If there is a production downgrade, there could well be price upside toward US\$3,400/t into the end of 2018; otherwise prices are likely to remain capped under US\$3,200/t. If anything, lower New Zealand production expectations have only been holding prices lately, as opposed to pushing them substantially higher. This appears to reflect the steadier nature of Chinese demand and caution regarding increasing supply from other export destinations (especially larger European producer/exporters such as Germany). In terms of local production forecasts, most are expecting a 3% to 5% increase in 2017/18 premised around slightly higher cow numbers (+1-2%), a better peak season performance, continuous gains in per-cow yields and the use of more brought-in supplementary feed. The use of more supplementary feed with better cashflow

should provide more durability in milk supply, but conditions are very wet in many areas, impacting on pasture quality/utilisation. So all eyes will be on the weather, with the forecast crucially looking a little more favourable over the next two weeks.

As usual, our Commodity Price Index for September will provide an update on the broader export price and farm-gate picture. In August, world prices slipped 0.8% m/m, although the lower NZD helped to buffer local returns, which ticked up 0.2% m/m. But after a solid broad-based run, we are starting to detect a more mixed picture, with six of the sub-components rising, eight falling and three unchanged in the month.

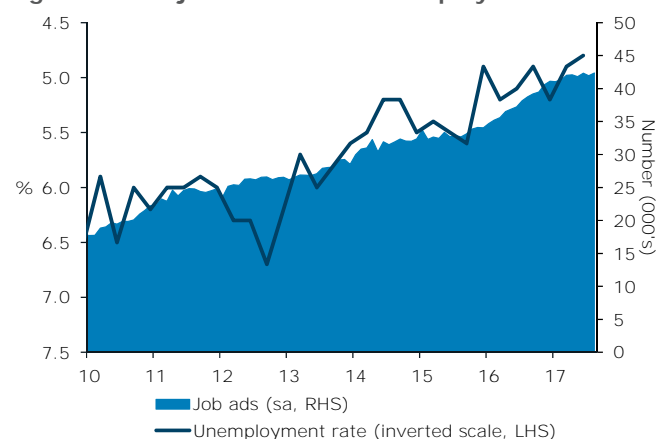
Figure 3: ANZ Commodity Price Index



Source: ANZ

Our Job Ads series for September will provide an update on momentum in labour demand.

Figure 4: ANZ job ads and the unemployment rate



Source: ANZ, Statistics NZ, Seek, Trade Me

In August, advertising bounced back 1.0% m/m (seasonally adjusted) to a new record high – just. That said, growth has slowed to just 0.6% q/q. Annual job ads growth has eased from a peak of 20% in January to 11% in August (3-month average). As has been the case for a while, the question is: is

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labour demand coming off the boil or are firms giving up on advertising, given chronic skill shortages? It's looking like a mixture of both.

Finally, the Government's full-year financial statements for 2016/17 should show a strong starting point for the fiscal position for the new incoming Government. It would be a surprise if the numbers looked vastly different to those the Treasury presented in the Pre-Election Update. They showed an OBEGAL surplus of \$3.7bn (or 1.4% of GDP) with a core Crown residual cash surplus of \$1.5bn forecast. Those numbers provide the new Government with plenty of options, and as the election campaign made quite clear, whatever the outcome of current coalition negotiations, both major parties are looking at exercising those options to varying degrees.

LOCAL DATA

Overseas Merchandise Trade – August. An unadjusted trade deficit of \$1.2bn was recorded. It was a far more modest \$211m in seasonally adjusted terms.

ANZ Business Outlook – September. Headline confidence fell from a net 18% to net zero. Firms' own activity expectations fell from +38 to +30.

RBNZ New Mortgage Lending – August. We estimate new lending rose 6.0% m/m to \$5.05bn.

Building Consents Issued – August. Dwelling consent issuance surged 10.2% m/m (sa).

RBNZ Sectoral Lending – August. Total private sector credit rose 0.2% m/m (5.7% y/y).

DATA EVENT CALENDAR

DATE	COUNTRY	DATA/EVENT	MKT.	LAST	NZ TIME
2-Oct	AU	CoreLogic House Px MoM - Sep	--	0.1%	12:00
	JN	Tankan Large Mfg Index - Q3	18	17	12:50
	JN	Tankan Large Mfg Outlook - Q3	16	15	12:50
	JN	Tankan Large Non-Mfg Index - Q3	24	23	12:50
	JN	Tankan Large Non-Mfg Outlook - Q3	21	18	12:50
	JN	Tankan Large All Industry Capex - Q3	8.4%	8.0%	12:50
	AU	Melbourne Institute Inflation MoM - Sep	--	0.1%	13:00
	AU	Melbourne Institute Inflation YoY - Sep	--	2.6%	13:00
	JN	Nikkei PMI Mfg - Sep F	--	52.6	13:30
	GE	Markit/BME Manufacturing PMI - Sep F	60.6	60.6	20:55
	EC	Markit Manufacturing PMI - Sep F	58.2	58.2	21:00
	UK	Markit PMI Manufacturing SA - Sep	56.2	56.9	21:30
	EC	Unemployment Rate - Aug	9.0%	9.1%	22:00
3-Oct	US	Markit Manufacturing PMI - Sep F	53.0	53.0	02:45
	US	ISM Manufacturing - Sep	58.0	58.8	03:00
	US	Construction Spending MoM - Aug	0.4%	-0.6%	03:00
	NZ	NZIER Business Opinion Survey - Q3	--	17.8	10:00
	AU	ANZ-RM Consumer Confidence Index - 1-Oct	--	114.1	11:30
	AU	HIA New Home Sales MoM - Aug	--	-3.7%	13:00
	AU	ANZ Job Advertisements MoM - Sep	--	2.0%	13:30
	AU	Building Approvals MoM - Aug	1.0%	-1.7%	13:30
	AU	Building Approvals YoY - Aug	-16.2%	-13.9%	13:30
	AU	RBA Cash Rate Target - Oct	1.5%	1.5%	16:30
	JN	Consumer Confidence Index - Sep	43.5	43.3	18:00
	AU	Commodity Index AUD - Sep	--	120.2	18:30
	AU	Commodity Index SDR YoY - Sep	--	20.1%	18:30
	UK	Markit/CIPS Construction PMI - Sep	51.1	51.1	21:30
	EC	PPI MoM - Aug	0.1%	0.0%	22:00
	EC	PPI YoY - Aug	2.3%	2.0%	22:00
4-Oct	NZ	QV House Prices YoY - Sep	--	4.8%	05:00
	NZ	ANZ Job Advertisements MoM - Sep	--	1.0%	10:00
	AU	CBA PMI Services - Sep	--	54.2	11:00
	AU	CBA PMI Composite - Sep	--	54.1	11:00
	AU	AiG Perf of Services Index - Sep	--	53.0	11:30
	NZ	ANZ Commodity Price - Sep	--	-0.8%	13:00
	JN	Nikkei PMI Services - Sep	--	51.6	13:30
	JN	Nikkei PMI Composite - Sep	--	51.9	13:30
	GE	Markit Services PMI - Sep F	55.6	55.6	20:55
	GE	Markit/BME Composite PMI - Sep F	57.8	57.8	20:55
	EC	Markit Services PMI - Sep F	55.6	55.6	21:00
	EC	Markit Composite PMI - Sep F	56.7	56.7	21:00
	UK	Markit/CIPS Services PMI - Sep	53.2	53.2	21:30
	UK	Markit/CIPS Composite PMI - Sep	53.8	54.0	21:30
	UK	Official Reserves Changes - Sep	--	\$1603M	21:30
	EC	Retail Sales MoM - Aug	0.3%	-0.3%	22:00
	EC	Retail Sales YoY - Aug	2.6%	2.6%	22:00
5-Oct	US	MBA Mortgage Applications - 29-Sep	--	-0.5%	00:00
	US	ADP Employment Change - Sep	143k	237k	01:15

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DATA EVENT CALENDAR

DATE	COUNTRY	DATA/EVENT	MKT.	LAST	NZ TIME
5-Oct	US	Markit Services PMI - Sep F	55.1	55.1	02:45
	US	Markit Composite PMI - Sep F	--	54.6	02:45
	US	ISM Non-Manf. Composite - Sep	55.5	55.3	03:00
	AU	Trade Balance - Aug	A\$870M	A\$460M	13:30
	AU	Retail Sales MoM - Aug	0.3%	0.0%	13:30
	GE	Markit Construction PMI - Sep	--	54.9	20:30
	GE	Markit Retail PMI - Sep	--	53	21:10
	EC	Markit Retail PMI - Sep	--	50.8	21:10
6-Oct	US	Initial Jobless Claims - 30-Sep	265k	272k	01:30
	US	Continuing Claims - 23-Sep	1949k	1934k	01:30
	US	Trade Balance - Aug	-\$42.7B	-\$43.7B	01:30
	US	Factory Orders - Aug	1.0%	-3.3%	03:00
	US	Factory Orders Ex Trans - Aug	--	0.5%	03:00
	US	Durable Goods Orders - Aug F	1.7%	1.7%	03:00
	US	Durables Ex Transportation - Aug F	--	0.2%	03:00
	US	Cap Goods Orders Nondef Ex Air - Aug F	--	0.9%	03:00
	US	Cap Goods Ship Nondef Ex Air - Aug F	--	0.7%	03:00
	AU	AiG Perf of Construction Index - Sep	--	55.3	11:30
	GE	Factory Orders MoM - Aug	0.7%	-0.7%	19:00
	GE	Factory Orders WDA YoY - Aug	4.7%	5.0%	19:00
	UK	Halifax House Prices MoM - Sep	0.0%	1.1%	20:30
	UK	Halifax House Price 3Mths/Year - Sep	3.6%	2.6%	20:30
	UK	Unit Labor Costs YoY - Q2	--	2.1%	21:30
7-Oct	US	Change in Nonfarm Payrolls - Sep	85k	156k	01:30
	US	Unemployment Rate - Sep	4.4%	4.4%	01:30
	US	Average Hourly Earnings MoM - Sep	0.3%	0.1%	01:30
	US	Average Hourly Earnings YoY - Sep	2.5%	2.5%	01:30
	US	Average Weekly Hours All Employees - Sep	34.4	34.4	01:30
	US	Wholesale Trade Sales MoM - Aug	--	-0.1%	03:00
	US	Wholesale Inventories MoM - Aug F	1.0%	1.0%	03:00
	US	Consumer Credit - Aug	\$15.54B	\$18.50B	08:00

Key: AU: Australia, EC: Eurozone, GE: Germany, JN: Japan, NZ: New Zealand, UK: United Kingdom, US: United States, CH: China.

Source: Dow Jones, Reuters, Bloomberg, ANZ Bank New Zealand Limited. All \$ values in local currency.

Note: All surveys are preliminary and subject to change

LOCAL DATA WATCH

We believe the underlying pace of economic momentum is solid, without being spectacular. Housing, capacity and credit headwinds exist. Inflation is subdued (and looks set to remain that way for a while) which is consistent with the OCR remaining on hold for some time yet.

DATE	DATA/EVENT	ECONOMIC SIGNAL	COMMENT
Tue 3 Oct (10:00am)	NZIER QSBO – Q3	A few jitters?	Election uncertainty could potentially weigh on sentiment, but activity gauges should still be reasonable.
Wed 4 Oct (early am)	GlobalDairyTrade Auction	Higher?	The market is getting nervous around local supply, which is off to a slow start, but this could bias prices higher.
Wed 4 Oct (10:00am)	ANZ Job Ads – Sep	--	--
Wed 4 Oct (1:00pm)	ANZ Commodity Prices – Sep	--	--
Thu 5 Oct (12:00pm)	Government Financial Statements – FY17	Solid	It would be a surprise if the figures don't look very similar to what was presented in the PREFU.
Tue 10 Oct (10:45am)	Electronic Card Transactions – Sep	Better	Spending was surprisingly weak in August, and while we are mindful of housing headwinds, we expect a better result.
Tue 10 Oct (1:00pm)	ANZ Monthly Inflation Gauge – Sep	--	--
10-14 Oct	REINZ Housing Market Statistics – Sep	Soft	The market was cooling anyway, but uncertainty around the election no doubt kept things quiet.
Wed 11 Oct (10:00am)	ANZ Truckometer – Sep	--	--
Thu 12 Oct (10:45am)	Food Price Index – Sep	Bouncing around	Higher export commodity prices suggest an upward skew to the outlook for retail food prices.
Thu 12 Oct (1:00pm)	ANZ-Roy Morgan Consumer Confidence – Oct	--	--
Fri 13 Oct (10:30am)	BNZ-BusinessNZ PMI – Sep	Stable?	We'll see if election uncertainty has any impact, but sentiment is bouncing around at a respectable level.
Mon 16 Oct (10:30am)	BNZ-BusinessNZ PSI – Sep	Holding firm?	As with the PMI, we'll see if any election uncertainty has dented what is otherwise a solid level of sentiment.
Tue 17 Oct (10:45am)	CPI – Q3	0.2% q/q	Petrol prices will drag, and there will be a number of other moving parts. But ultimately, core inflation is expected to remain broadly stable around 1½%.
Wed 18 Oct (early am)	GlobalDairyTrade Auction	Higher?	The market is getting nervous around local supply, which is off to a slow start, but this could bias prices higher.
Fri 20 Oct (10:45am)	International Travel & Migration – Sep	Peaked?	We can't envisage a sharp fall, but we do believe we are past the peak in net inflows.
Thu 26 Oct (10:45am)	Overseas Merchandise Trade – Sep	Recovery	The surprising weakness in dairy export volumes in August should rebound, helping to boost the trade balance.
Tue 31 Oct (1:00pm)	ANZ Business Outlook– Oct	--	--
On balance		Data watch	The data pulse generally remains solid, although it is admittedly a little more mixed. Domestic inflation is low, but should lift gradually.

KEY FORECASTS AND RATES

	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19
GDP (% qoq)	0.8	0.7	0.7	0.6	0.8	0.8	0.8	0.7	0.7	0.7
GDP (% yoy)	2.5	2.5	2.9	2.8	2.8	2.9	3.0	3.1	2.9	2.8
CPI (% qoq)	0.0	0.2	0.1	0.7	0.4	0.7	0.3	0.7	0.4	0.6
CPI (% yoy)	1.7	1.7	1.3	1.0	1.4	1.9	2.1	2.2	2.1	2.0
Employment (% qoq)	-0.1	0.7	0.5	0.5	0.4	0.4	0.3	0.3	0.3	0.3
Employment (% yoy)	3.1	2.4	2.2	1.6	2.1	1.8	1.6	1.4	1.3	1.2
Unemployment Rate (% sa)	4.8	4.8	4.7	4.6	4.5	4.4	4.4	4.3	4.3	4.3
Current Account (% GDP)	-3.0	-2.8	-2.8	-2.5	-2.7	-2.8	-2.9	-2.9	-2.8	-2.8
Terms of Trade (% qoq)	1.6	0.0	-1.0	-1.1	-0.6	0.0	0.1	0.1	0.1	0.1
Terms of Trade (% yoy)	10.3	11.7	4.4	-0.6	-2.6	-2.6	-1.5	-0.4	0.4	0.5

	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17
Retail ECT (% mom)	0.0	2.5	-0.6	-0.3	1.0	-0.4	-0.1	-0.6	-0.2	--
Retail ECT (% yoy)	5.8	5.6	2.6	5.6	4.5	5.2	4.5	2.0	4.4	--
Credit Card Billings (% mom)	3.1	0.4	-1.3	1.0	1.0	0.9	0.2	0.8	-0.7	--
Credit Card Billings (% yoy)	8.5	7.1	5.4	7.2	6.6	7.6	8.3	7.1	6.4	--
Car Registrations (% mom)	-6.4	1.7	0.5	3.5	-3.0	3.8	-2.8	-4.5	9.0	--
Car Registrations (% yoy)	7.8	12.2	7.3	16.5	3.0	13.7	11.1	6.2	13.5	--
Building Consents (% mom)	-8.2	3.9	16.5	-2.3	-8.1	7.1	-0.7	1.7	10.2	--
Building Consents (% yoy)	-10.5	-1.0	8.9	17.3	-3.3	6.1	-8.9	-2.3	14.4	--
REINZ House Price Index (% yoy)	13.8	12.6	12.0	9.9	7.9	5.0	2.8	1.0	0.4	--
Household Lending Growth (% mom)	0.9	0.5	0.5	0.5	0.5	0.4	0.5	0.3	0.4	--
Household Lending Growth (% yoy)	9.0	8.9	8.7	8.7	8.3	7.9	7.6	7.1	6.7	--
ANZ Roy Morgan Consumer Conf.	124.5	128.7	127.4	125.2	121.7	123.9	127.8	125.4	126.2	129.9
ANZ Business Confidence	21.7	..	16.6	11.3	11.0	14.9	24.8	19.4	18.3	0.0
ANZ Own Activity Outlook	39.6	..	37.2	38.8	37.7	38.3	42.8	40.3	38.2	29.6
Trade Balance (\$m)	-1	-227	-42	262	547	62	245	98	-1235	--
Trade Bal (\$m ann)	51621	51901	52087	52404	52588	53218	53530	53743	54044	--
ANZ World Comm. Price Index (% mom)	0.7	-0.1	2.0	0.4	-0.2	3.2	2.1	-0.8	-0.8	--
ANZ World Comm. Price Index (% yoy)	16.5	19.1	20.9	23.0	23.7	26.3	24.6	21.1	16.3	--
Net Migration (sa)	5920	6320	5910	6130	5790	5920	6310	5760	5490	--
Net Migration (ann)	70588	71305	71333	71932	71885	71964	72305	72402	72072	--
ANZ Heavy Traffic Index (% mom)	-0.3	-0.9	2.1	1.6	-2.2	3.9	-0.4	-5.5	6.2	--
ANZ Light Traffic Index (% mom)	0.3	-0.3	0.8	1.0	-1.4	1.3	1.3	-2.2	2.6	--

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

KEY FORECASTS AND RATES

FX RATES	ACTUAL			FORECAST (END MONTH)						
	Jul-17	Aug-17	Today	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19
NZD/USD	0.749	0.715	0.721	0.73	0.73	0.73	0.70	0.68	0.67	0.65
NZD/AUD	0.939	0.906	0.920	0.90	0.89	0.88	0.91	0.92	0.93	0.93
NZD/EUR	0.638	0.603	0.611	0.60	0.62	0.63	0.63	0.59	0.56	0.53
NZD/JPY	82.78	79.10	81.14	81.8	80.3	76.7	70.0	68.0	67.0	65.0
NZD/GBP	0.570	0.555	0.539	0.55	0.57	0.57	0.55	0.52	0.51	0.49
NZ\$ TWI	77.1	73.7	76.2	74.3	74.6	74.5	72.6	70.5	69.0	67.0
INTEREST RATES	Jul-17	Aug-17	Today	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19
NZ OCR	1.75	1.75	1.75	1.75	1.75	1.75	1.75	2.00	2.25	2.25
NZ 90 day bill	1.95	1.96	1.95	1.97	1.98	1.99	2.08	2.34	2.50	2.50
NZ 10-yr bond	2.98	2.90	2.97	2.80	2.85	2.95	3.15	3.30	3.30	3.30
US Fed funds	1.25	1.25	1.25	1.50	1.50	1.75	2.00	2.25	2.25	2.25
US 3-mth	1.31	1.32	1.33	1.65	1.75	2.05	2.20	2.45	2.45	2.45
AU Cash Rate	1.50	1.50	1.50	1.50	1.50	1.75	2.00	2.00	2.00	2.00
AU 3-mth	1.69	1.72	1.71	1.70	1.70	1.70	1.80	1.80	1.80	1.80

	29 Aug	25 Sep	26 Sep	27 Sep	28 Sep	29 Sep
Official Cash Rate	1.75	1.75	1.75	1.75	1.75	1.75
90 day bank bill	1.95	1.95	1.95	1.96	1.95	1.96
NZGB 03/19	1.87	1.94	1.92	1.92	1.91	1.91
NZGB 05/21	2.15	2.27	2.25	2.25	2.24	2.24
NZGB 04/23	2.44	2.58	2.55	2.55	2.55	2.54
NZGB 04/27	2.85	2.98	2.94	2.96	2.98	2.97
2 year swap	2.17	2.21	2.19	2.20	2.21	2.22
5 year swap	2.61	2.72	2.69	2.71	2.74	2.75
RBNZ TWI	76.09	76.31	76.08	75.86	76.41	76.35
NZD/USD	0.7284	0.7275	0.7210	0.7210	0.7201	0.7209
NZD/AUD	0.9139	0.9145	0.9129	0.9175	0.9204	0.9202
NZD/JPY	79.07	81.56	80.59	81.41	81.13	81.12
NZD/GBP	0.5625	0.5397	0.5367	0.5370	0.5365	0.5381
NZD/EUR	0.6053	0.6126	0.6115	0.6139	0.6114	0.6103
AUD/USD	0.7971	0.7955	0.7898	0.7859	0.7823	0.7834
EUR/USD	1.2035	1.1876	1.1790	1.1746	1.1779	1.1814
USD/JPY	108.55	112.11	111.77	112.90	112.66	112.51
GBP/USD	1.2949	1.3479	1.3433	1.3427	1.3421	1.3398
Oil (US\$/bbl)	46.44	52.22	51.88	52.14	51.56	51.67
Gold (US\$/oz)	1320.02	1294.57	1303.24	1290.11	1284.88	1279.75
Electricity (Haywards)	6.46	4.04	2.52	2.99	3.12	2.51
Baltic Dry Freight Index	1203	1503	1476	1429	1391	1356
NZX WMP Futures (US\$/t)	3225	3115	3130	3180	3205	3260

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