BNZ Weekly Overview

11 February 2010

Mission Statement

To help Kiwi businesspeople and householders make informed financial decisions by discussing the economy and its implications in a language they can understand.

In this week's issue….

The Weekly Overview is written by Tony Alexander. The views expressed are my own and do not purport to represent the views of the BNZ. To receive the Weekly Overview each Thursday night email me at tony.alexander@bnz.co.nz with 'Subscribe" in the Subject line.

Bumpy Recovery

Last year we wrote that the exciting stuff as it were with regard to sharp movements in long term interest rates, the NZD, share prices, house prices, and even business and consumer confidence shifts had been and gone. That is because the main feature of 2009 was confirmation that a new Depression was off the table and massive sighs of relief swept through sentiment and various markets, bringing a reversal of transactions made on the basis that such a Depression could come along. We also noted that from now on through 2010 and 2011, while we would be observing and writing about general improvements in things, there would be some very rocky patches along the way but without a repeat of either the 2008 selloffs of everything or the 2009 buybacks.

And so it has come to pass that we have seen in recent weeks a plethora of indicators showing how things have pulled back from the sigh of relief period and perhaps in some quarters some more realistic expectations of where we go from here are settling in. Lets start with sharemarkets. The likes of the Dow Jones Industrial Index bounced off the multi-year low of 6,500 reached in March and hit just over 10,700 three weeks ago. Now it has eased off about 7% following its 65% rise with worries about sovereign debt in European countries, the backlash against banks in the US, and some weaker than expected corporate profits and housing market indicators.

Last Friday night we also learnt that the US labour market (like our own) still has some way to go before one can speak solidly in terms of things getting better and consumers again being in a position to spend more. Although the unemployment rate unexpectedly fell to 9.7% from 10% there were still 20,000 jobs lost and huge revisions to earlier numbers showing job losses greater than thought.

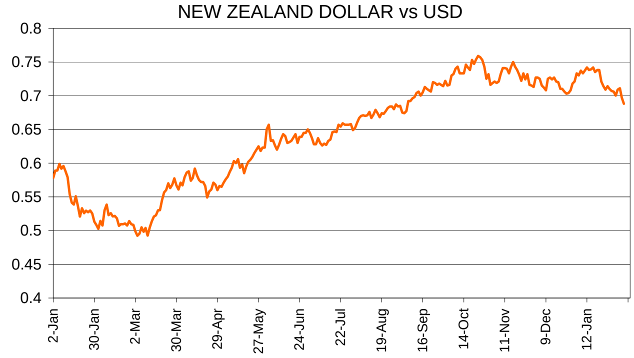
Responding to the rise in risk aversion manifesting itself in weaker sharemarkets has been the NZD which peaked above US 76 cents in October from below 50 cents last March, and this week traded for a while only just above 68 cents. Our expectation has long been that an improving global risk environment would see the NZD appreciate. But the easing off of straight line expectations in sentiment improvement has seen the NZD have a prolonged period of consolidation following its earlier strong rise and that will come as a temporary relieving factor for exporters.

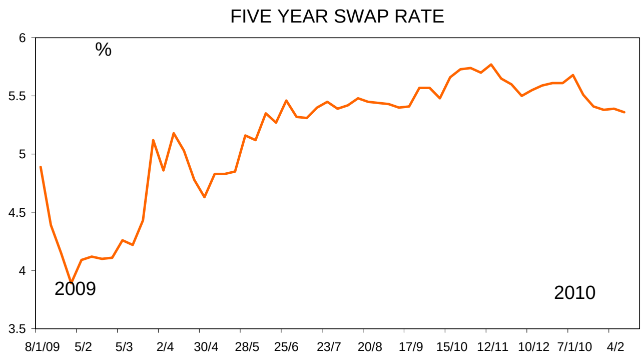
Speaking of which – for three days this week I have been/am speaking at the Southern Field Days in Waimumu near Gore. While the surrounding region has seen some good rain and grass growth (pushing up the price of store lambs) and while comments indicate good demand for lamb offshore, there is generally very cautious sentiment. Debt levels for many are high, and spending restraint which might have happened this time last year when the rest of us were securing our belts seems to have set in since the second half of 2009 associated with the NZD rising from 50 cents. No-one has made any positive comments about the rural real estate market and in fact many noted there is little point putting anything other than a very good farm on the market as it probably won't sell. As we have found elsewhere prices look to have fallen about 25%.

In fact the comments in our month BNZ Confidence Survey regarding farm real estate were all decidedly negative. Here is one.

" Rural Real Estate - doing plenty of appraisals, but often potential sellers don't like the numbers, so unless they have to sell, they are sitting tight."

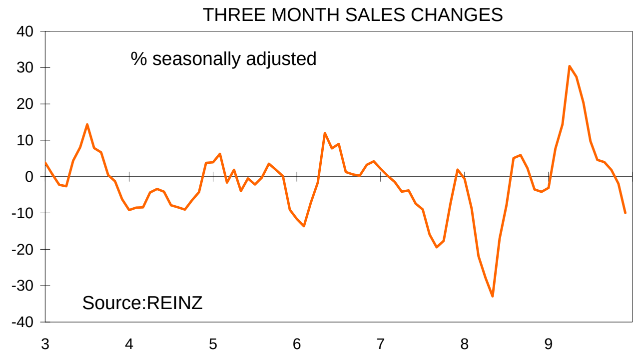
But back to the NZD, we expect that as the year progresses widening interest rate differentials and the ending of this current period of the heebie jeebies will see the NZD once again rise – possibly eventually to US 80 cents. Though that seems a brave call from the current level.

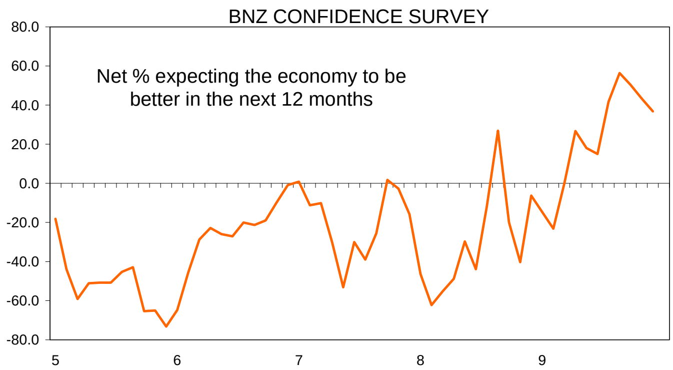




Long term wholesale borrowing costs have also shown a pattern of shooting up but more recently easing away from levels driven by overly optimistic extrapolations of the mid-2009 change in sentiment. The three year swap rate for instance at which we banks borrow funds to lend three years (but onto which premiums get added by investors offshore to compensate for still high risk aversion) jumped from 3.7% in February last year to 5.3% in October. It has since pulled back to near 4.8%.

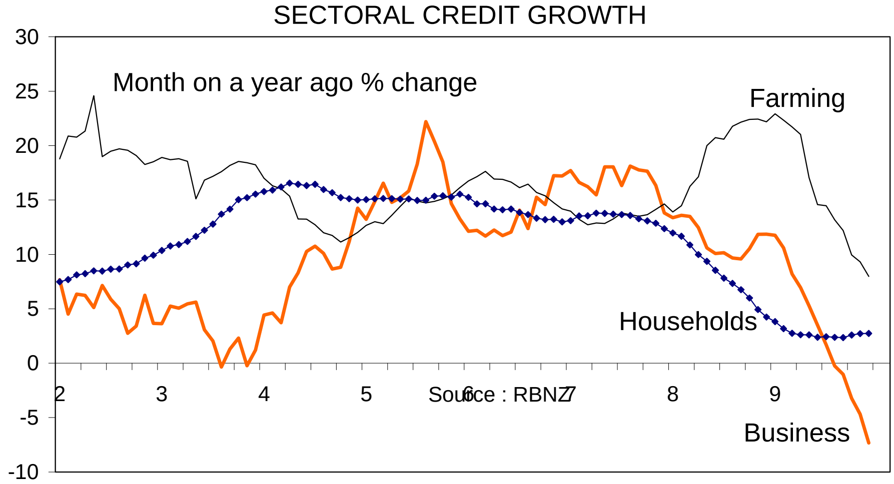
The economic data in New Zealand are also tending to show this pattern of initial sigh of relief exuberance but reality regarding the long term struggle settling in. In the housing market for instance, while seasonally adjusted sales jumped 14% in the March quarter, 20% in the June quarter and 4% in the September quarter, they eased 10% in the December quarter. Prices rose 9.6% between January and November, then eased 0.9% in December.





Our monthly BNZ Confidence Survey – the results of which were released earlier this week – shows confidence about the economy in the coming year getting far more realistic. A net 37% feel improvement will come compared with a record net 56% in September.

There are also some indicators which have showed no recovery at all. Credit growth is one of these. Household debt continues to grow at 0.2% seasonally adjusted per month. Businesses are paying down debt at an accelerating rate.



We could cite the labour market figures of last week here. But they are relevant more in terms of figuring out how much spare capacity exists in the market and how wage pressures might track rather than what the economy is up to right now. The labour market tends to change after spending in the economy changes as businesses wait to be certain of an upturn before hiring, and at the other end of the cycle, wait to be certain of a downturn before laying off people in the knowledge the will face rehiring costs somewhere down the track.

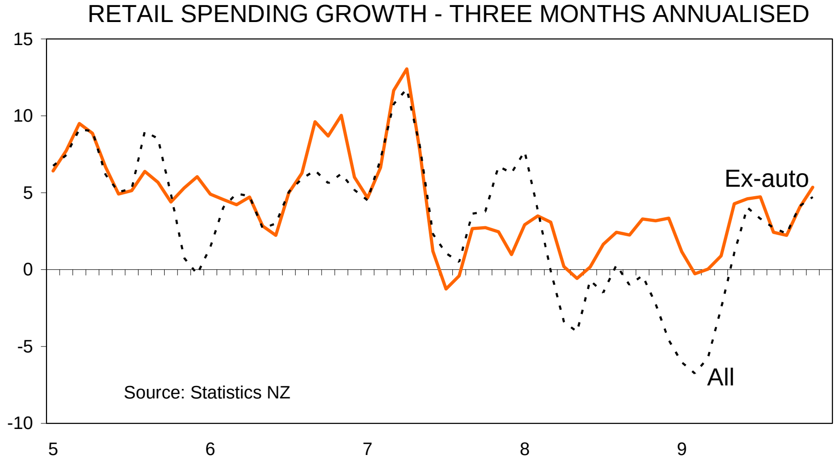
This is a good comment from a reader showing that although the economy is growing again the labour market remains very weak – as shown by the unemployment numbers last week.

“We have recently recruited two new staff members for our growing business. We have had quite a stable workforce in the last 4 years. Last time we advertised for staff was a little over two years ago (due to growth) and we struggled to find a suitable candidate. In fact it felt like we were scraping the bottom of the barrel when we looked at the calibre of many of the candidates. Thank goodness for the wave of South Africans coming to our shores, if not for this inflow we would not have filled the last 3 positions we created as our business grew (during 2006-2008).

This time around it was a different story. Most candidates were somewhat over qualified for the role we had advertised and we had about 120 applicants. More that half of these had a Bachelor degree, many had post grad diplomas and some had a Masters. A degree was not a prerequisite for the shipping administration role we had advertised! About 2/3 of the applicants were not currently working as they had either been made redundant (number one reason), just completed University study, or recently returned from overseas. Of those who were employed, it was startling how many tertiary qualified people were working at supermarkets, fast food “restaurants” and other minimum wage jobs. Desperate to find something that could utilise some of their obvious brain power.

By the way, we were only advertising for one vacancy, but we found two excellent people who both fit into our expansion plans for later this year, so we have taken the plunge and snapped up two now instead of going through the whole recruitment process again in a couple of months time! I can only hope that other employers take advantage of the talent pool we have available right now, rather than let these bright sparks hop across the ditch in search of bright horizons.”

But it would be wrong to say everything has pulled back from an initial surge. Monthly seasonally adjusted core retail spending was flat in September then grew 0.5% in October and 0.8% in November.



Overall the economy is improving, but as our survey shows the improvement is amazingly patchy and certainly not yet what one would call “robust”. That helps explain why the RBNZ remains under little pressure to start taking away the 2.5% official cash rate. But come June we fell enough time will have passed for the rate to start being raised to something at or above 5.5% come early 2012.

INTEREST RATES

In the absence of any particularly strong or weak data released in NZ over the past week the general tone of the interest rate markets has remained influenced by earlier events such as the RBA leaving their cash rate unchanged, worries about debt mountains in some European countries, and higher than expected NZ unemployment. Rates have edged lower toward their lowest levels since September and while we continue to expect the entire yield curve to rise as the year progresses, for now little is on the horison to suggest a sudden jump up.

This week's announcement by the Prime Minister that GST could rise to 15% from the current 12.5% Labour put the rate up to in 1989 will add about 2.2% to the inflation rate. The big question with this move now, as back then, is whether it will lead to a lift in general wage and price setting behaviour against which the RBNZ may need to act with some extra tightening of monetary policy.

Firstly, history suggests the RBNZ will wait to see GST go up and how expectations measures are gauged before they will seriously contemplate extra action. But it would be surprising if they did not send a general warning regarding pricing behaviour. Second, in an economy still replete with spare productive resources as a result of the recent recession, bargaining strength by most parties will be quite limited. Third, by its mature the rise in GST will take some spending power out of the economy, though this effect will be offset by personal income tax rate cuts and benefit changes.

Fourth, the change in GST is relatively small and there are so many other uncertain factors swirling around that we don't expect the move to greatly alter the RB's tightening cycle.

Key Forecasts

- Tightening by mid-2010.
- Medium to long term housing rates to keep on rising.

FINANCIAL MARKETS DATA

	This week	Week ago	4 wks ago	3 months ago	Yr ago	10 yr average
Official Cash Rate	2.50%	2.50	2.50	2.50	5.00	6.2
90-day bank bill	2.79%	2.80	2.81	2.82	3.54	6.5
1 year swap	3.47%	3.46	3.74	3.56	3.09	6.7
5 year swap	5.28%	5.39	5.51	5.77	4.09	7.0

If I Were a Borrower What Would I Do?

Nothing new. I'd be floating and wouldn't be thinking about fixing long term again for a number of years – when fixed rates next get back to nice cyclical lows. It is impossible to reasonably forecast when that will happen. That is why although people currently may have the best intentions regarding staying floating, once the floating rates are well above fixed rates again somewhere down the track, many will still fix five years higher than they could at the moment simply to save 1% compared with floating. It happened in 1998 and 2008 and will happen again in 20XX.

HOUSING MARKET UPDATE

Tax Change Coming

The Prime Minister this week ruled out a capital gains tax on property, a land tax, and a risk free return of return assessment method. That fairly much leaves just something involving reducing use of LAQCs to get tax back from the government, or far more likely, the slashing or ending of depreciation allowances.

The impact is likely to be many more property owners finding themselves in negative or near negative cash flow positions and this will tend to discourage property investment. The impact in the short term is likely to be some downward pressure on prices. But, as another forecasting group pointed out this week, the level of housing construction in New Zealand is running well below that needed to meet the housing demands of a growing population, and that means generalised upward pressure on house prices.

Therefore, if we happen to see some cash strapped investors no longer receiving their tax-payer subsidy selling up, there may be some bargains for those who have better management of their rents and tend to stay cash flow positive. With regard to the subsidy element – it involves an interest free loan from the government for the depreciation claimed. In fact apparently it is more than that because quite mysteriously, when it comes time to pay the depreciation allowance back when the property is sold, the property value often undergoes a miraculous shift making the land very valuable and the buildings not worth much at all in the handover price – so the depreciation clawback is minimised.

Whatever one's attitude, the result is going to be less construction of property specifically aimed at the rental market, plus extra upward pressure on rents. This will bring some bad news for renters so those who are in a position to make a purchase may want to think about taking a property off the hands of a cash strapped investor sometime in the coming year.

Tomorrow the REINZ release their January housing numbers so we will leave off making any further commentary about the housing market until next week.

But for those who didn't open their copy of the BNZ Confidence Survey sent out on Tuesday morning, here are the real estate comments we received. Enjoy.

- Real estate. Improved stock levels, but unsure on values going forward.
- Property Valuation market still tight
- Real estate Mount Maunganui, monthly sales down to 30 to 40 sales per month down from 140 average 2005,, falling volume and prices, lots of people geared and values down 30 to 40%, all equity lost.
- Real Estate - reasonable / stable outlook, the price rises in Christchurch seem premature.
- Real Estate. Market is on fire with a huge number of new listings and plenty of buyers at the moment
- Property Investor - more hoops to jump through to obtain finance. In our local PIA we are seeing experienced investors surviving but many inexperienced people are exiting (and being scared off...banks are not helping). I can see our major cities having similar issues to Sydney with lack of rental accommodation in 5 years time, and rents hiking.
- Real Estate. Still large overhang of problems in a number of market segments For example Auckland apartments, a number of developments that were sold by Blue Chip type organisations, no properly advised purchaser is settling and the apartments can't be re-sold in New Zealand at anything like what is needed by the Banks to recoup their loans so off-shore sales are the only option. The Banks are avoiding write offs by not putting the developer into receivership.
- Real Estate Wellington. Slow Jan, but Feb starting to pick up. New REAA 2008 is impacting with increase in operational costs, which will need to passed onto agent/consumer. Agents personal costs increasing with new License fees, may see more drop out this year.
- Eastern Beaches Real Estate . Market seems to be running at long term average rates, so relatively solid . Lower end property sells well and fast for often surprising money, some dearer property

languishes. Tax discussions, increasing joblessness and interest rates keep any potential exuberance under control. I do not foresee an easy year.

- Residential real estate Pakuranga/Howick - slightly below normal levels of activity, have been short of listings but a few more coming on now, good property well priced is getting action, overpriced or scruffy does not. Very big sentiment (and rising) against anything plaster.
- Dunedin. Residential - very high listings at present but turnover has slowed since Nov 09. Properties valued $300k or under [rental stock/1st home buyers] ticking over but recent evidence of +$500k homes, if needing to be sold are being discounted by up to 20%.
- Real Estate Johnsonville: Number of listings available have tripled from the low numbers prior to Christmas. Sales continue at a steady rate with prices about right. Good steady numbers of purchasers in the market with average numbers at open homes. Should be good sales through to middle of year and then not sure re interest rates movement.
- Property Manager North Shore of Auckland. Student housing strong with small increase in rentals. Open market rentals no stock and few tenants moving with tenancy renewals. We are achieving 5% rental growth on new tenancies. I feel this will carry on as more investors exit the market before perceived tax impacts happen. This will put further pressure on rentals. Steady unit change over in our Body Corporate units under management, once again mainly investor sales to owner occupied.
- Real estate Taupo. Residential sales steady going, apartment and section sales also enjoying somewhat of a recovery. Overall mood is of improving optimism, but events of last two years tempering any thoughts of intemperate consumption!
- Real Estate Christchurch. Strong buyer numbers and low listings create happy vendors, particularly at Auction. Multiple offers more prevalent.
- Residential Real Estate in Ponsonby has been steady for 12 months and early indications are that it will continue to remain so for 2010. The main distinguishing features have been that listings have been in short supply and purchasers are being discerning, rejecting properties with inherent flaws but competing strongly for desirable properties. The commencement of 2010 indicates a continuation of last years trend.
- Real Estate Hamilton: Seems to have taken longer than usual for the market to get underway this year. There was huge buyer activity at the beginning of January, however people have been slow in bringing their properties to the market, and are only now starting to do so, with an increase in listings over the past couple of weeks, however the buyers are now seeming to cool off somewhat.
- Real Estate - January was our best month in two years, however this came off a very poor December
- Real estate is showing very positive signs from sellers coming to the market and buyers making quick decisions (unlike 2009).
- Rental property rents are remaining on hold. Vacancies are low. I suspect the status quo for another year.
- Extremely busy with a shortage of quality stock on the market, many people looking to purchase...not a lot to sell them! (Real Estate)
- Residential Real Estate Wellington Market Fine. Prices firm. Not so good in provinces I believe.
- Property, Residential Rentals. Strong pricing, vacancy rate dropping, in some areas very quickly enabling yields on current values to rise. Looking forward to the tax changes when many will exit the industry pushing up rents and so yields further.
- Real Estate, central Auckland - market still strong but some hesitancy with proposed changes to tax laws. This plus higher interest rates will slow market down.
- Real Estate Chch - I'd hate to put the curse on things but the past 10 days or so feels like 2005. Wouldn't expect this rush to last but who knows. Lots of folk wanting to list, some good buyer action etc.
- Residential property and lifestyle properties are selling fairly well in the Waimakariri area as they are in the cities, but I also deal a bit in the Hurunui district which is still very slow. In most areas we are having trouble to get enough listings, also buyers are much more aware of values. Hopefully the recent growth in inquiry and values will remain steady but we definitely need more Vendor realism and confidence at the moment.

- Residential real estate Christchurch ,listings very tight, competition between agents for stock is seeing some optimistic pricing. All the paperwork and requirements of the new Real Estate Agents Act is making sure we are careful who we work with .
- Real Estate Auckland Eastern Suburbs. Strong settlements and listing activity in December. 2009 year finished 70% up on 2008 sales, but that was lowest for nearly 20 years. January very busy for both sales and listings. We are confident that 2010 will see volumes improve further. Prices will firm especially if demand outstrips supply.
- Real Estate: Good buyer inquiry, listing coming in, a bit of fear and confusion with investors about the government tax plans. Generally optimistic outlook.
- Industry- real estate. Things have picked up compared to the all time low of y/e 2009. I think things will stay as they are at present, dropping a little over the winter, Still not much sign of building recovery, although there is a very small movement in the sale of sections from practically zero sales of the past 2 years. Our Region Whakatane
- Real Estate, Invercargill, increased activity this year, prices stable.
- Auckland central real estate sales - more property coming on the market, prices still rising slowly, more property needed.
- Residential Real Estate Gisborne - some positive signs after the year finished better than expected. Holding good stock, motivated sellers but would prefer to have a few more buyers.
- Property market in the Kapiti area is still quite strong, but turnover may be slowing. Fragility in the market could become apparent once short term interest rates start to rise. Valuation Industry
- Real Estate - Central Auckland. Prices firm, multiple offers and homes selling within a couple of weeks of listing for sale. Many sales of homes for more than was paid for them in 2006, 2007, 2008 and it looks like the Nov 2007 peak has now been exceeded. Looks like a great summer selling season ahead.
- Moving along ok, Have noticed the under 200k market has slowed going into Xmas, expecting it to come back in the new year. Real Estate Gisborne
- Residential Real Estate, Specialising in New Property (House and land packages and land brokerage) We have been riding a wave of demand for new property especially on Auckland's North Shore and West. Much of this is due to a lack of good second hand stock and also people liking the idea of new homes built to the new higher building standards.
- Real Estate franchise owner - Northland East coast. Prices are still declining particularly in sections. Best trading terms for our business in three years - more active buyers in market. High end property moving for first time in 2years +. Sections becoming a bigger part of our turnover. Total market turnover still a fraction from its peak.

Are You Seeing Something We Are Not?

If so, email us at tony.alexander@bnz.co.nz with Housing Comment in the Subject line and let us know.

Key Forecasts

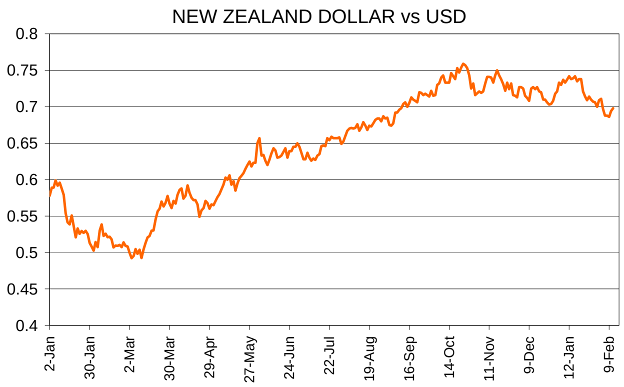
- Dwelling consent numbers to recover now with potentially good activity from mid-2010.
- Real estate sales continuing to increase but the rise limited by listings shortages.
- House prices edging higher subject to tax changes bringing short term downward pressure.

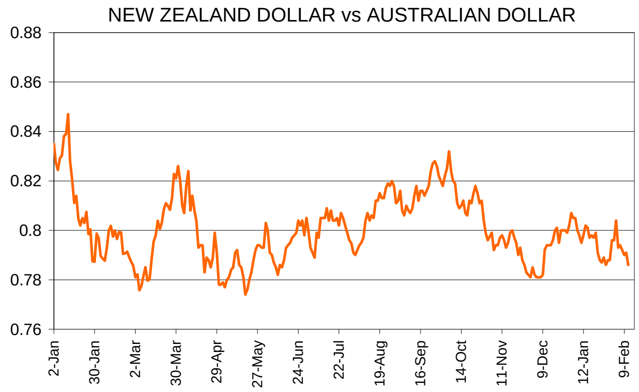
Exchange Rates & Foreign Economies

Exchange Rates	This Week	Week Ago	4 wks ago	3 mths ago	Yr ago	Consensus Frcsts yr ago*	10 yr average
NZD/USD	0.694	0.697	0.737	0.741	0.5228	0.573	0.592
NZD/AUD	0.792	0.793	0.795	0.798	0.8	0.848	0.856
NZD/JPY	62.500	63.400	68.200	66.500	47.29	59.0	66.8
NZD/GBP	0.444	0.439	0.459	0.443	0.3595	0.358	0.345
NZD/EUR	0.505	0.502	0.510	0.495	0.405	0.448	0.51
USD/JPY	90.058	90.961	92.537	89.744	90.455	103.0	113.9
USD/GBP	1.563	1.588	1.606	1.673	1.454	1.601	1.709
USD/EUR	1.374	1.388	1.445	1.497	1.291	1.278	1.156
AUD/USD	0.876	0.879	0.927	0.929	0.654	0.676	0.69

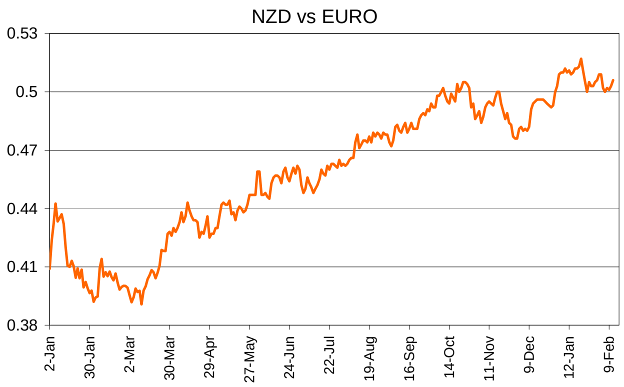
NZD Recovers From US 68 cents

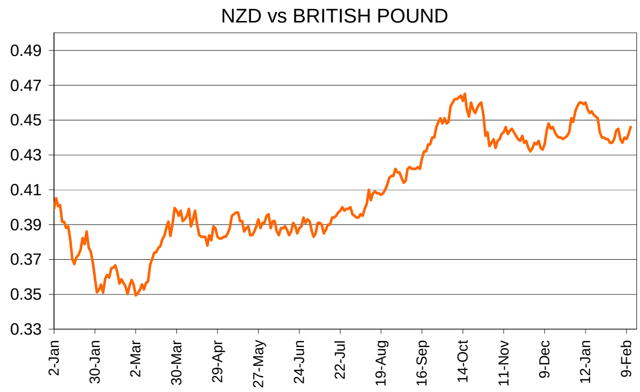
Early this week the NZD fell away to trade just above US 68 cents in response to worries about the debt situation for Greece and other countries encouraging selling of risky assets. There was also some weakness associated with the AUD easing in continued selling following the RBA's decision to leave its cash rate unchanged at 3.75%. But this evening the NZD is back very close to where it was a week ago near 69.4 cents. The recovery has been driven by market expectations that there will be a bailout package organised for Greece so they can avoid defaulting on the debt that was kept hidden in recent years.





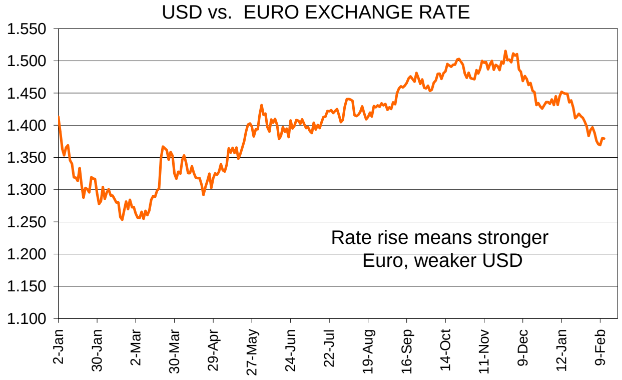
In addition the Australian employment data released today was – yet again – much stronger than expected and this has lifted expectations that the RBA may undertake their next tightening in March rather than April. The bounce in the Aussie dollar to near US 88.8 cents from 87.9 cents last week has seen the NZD fall away against the AUD to near 78.6 cents from 79.3 last week.

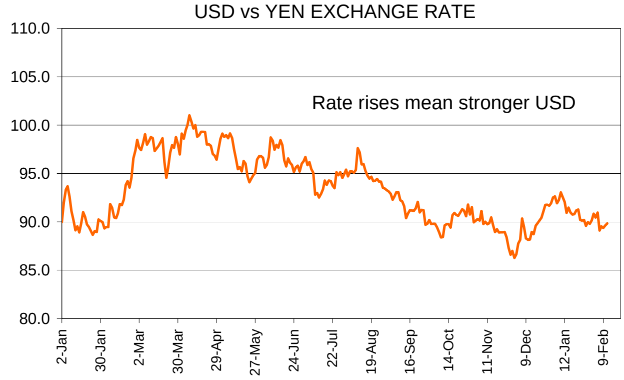




The Euro recently has been battered by worries about problems with government finances for a number of member currencies, causing it to fall against the USD to near a nine month low of $1.37 mid-week from

$1.45 a month ago. But with hopes of a bailout for Greece increasing the Euro has recovered slightly to near $1.38.



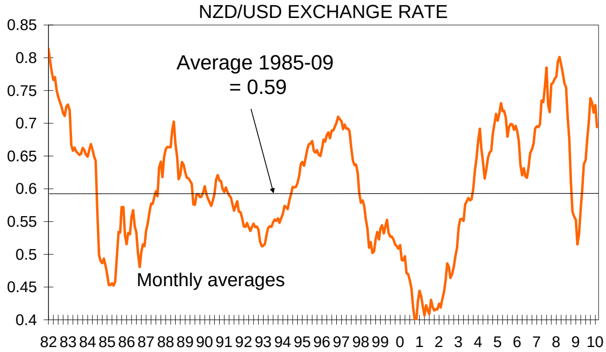


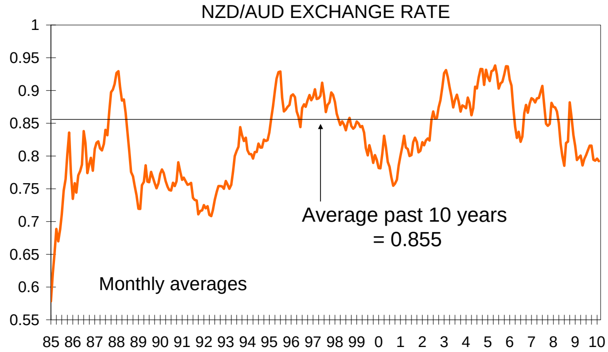
The Japanese Yen has also strengthened against the USD over the week to end near 89.8 from 91 a week ago supported by some safe-haven buying out of the Euro. But as the graph just above shows there has been no clear trend for the Yen against the greenback since October when the initial euphoria over avoiding a new Depression wore off.

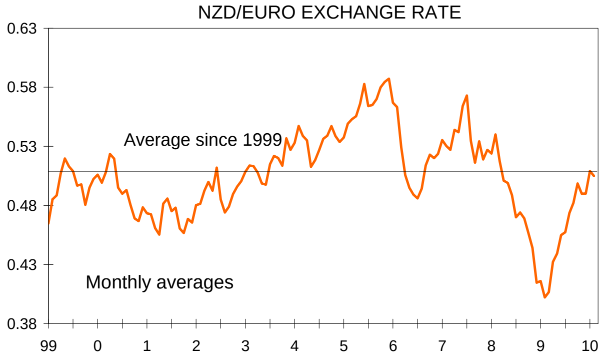
For the coming year we see little reason to believe other than that the high uncertainty about the progression of individual economies away from their recessions will cause anything other than potentially strong currency volatility. And while there are strong arguments for general weakening in the greenback, there are also strong cases one can make for selling of the Yen, British pound and Euro as well. That means was long as don't see a shock for the NZ economy international investors are likely to soon once again be seeking the enhanced yields available in NZD and the NZD will consolidate back above US 70 cents.

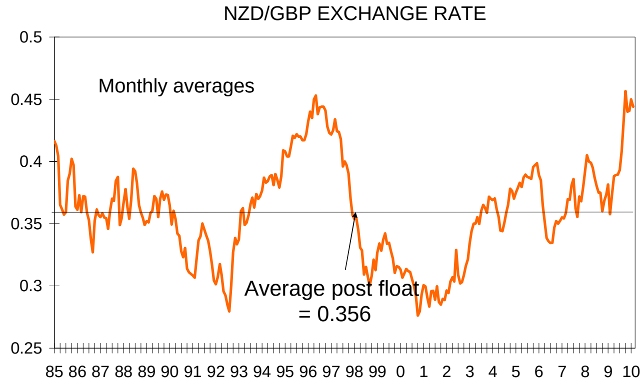
If I Were An FX Receiver What Would I Do?

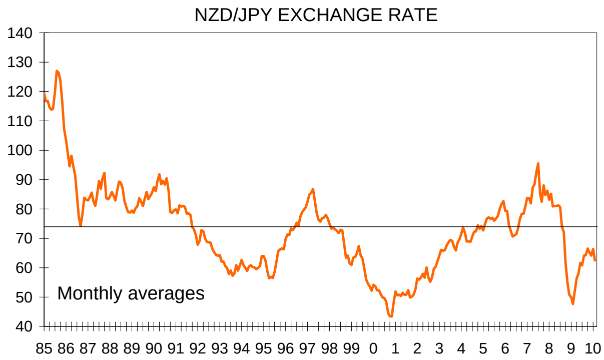
Nothing new to write. I'd be hedging.











*Sourced from Consensus Economics. http://www.consensuseconomics.com/

ECONOMIC DATA

All %		Latest qtr only	Previous qtr only	Latest year	Year ago	2 Yrs ago
Inflation	RBNZ target is 1% - 3% on average	-0.2%	1.3	2.0	3.4	3.2
GDP growth	Average past 10 years = 3.0%	+0.2	0.2	-2.2	1.5	2.1
Unemployment rate	Average past 10 years = 5.3%	7.3	6.5	......	4.7	3.5
Jobs growth	Average past 10 years = 1.9%	-0.1	-0.8	-2.4	0.9	2.1
Current a/c deficit	Average past 10 years = 5.5% of GDP	5.9	8.1	......	8.3	8.2
Terms of Trade		-1.2	-9.4	-13.8	5.8	8.4
Wages Growth	Stats NZ analytical series	0.4	0.8	2.7	5.4	5.0
Retail Sales ex-auto	Average past 9 years = 3.8%.	0.5	0.3	-0.9	0.4	5.5
House Prices	REINZ Stratified Index	2.8	2.5	6.0	-7.9	8.0
Net migration gain	Av. gain past 10 years = 11,700	+21,253	17,043yr	......	3,814	5,494
Tourism – an. av grth	10 year average growth = 5.0%. Stats NZ	-0.0	-1.8	-0.0	-0.3	1.8
		Latest year rate	Prev mth year rate	6 mths ago	Year ago	2 yrs ago
Consumer conf.	10 year average = 2%. Colmar survey	52	57	3	5	2
Business activity exps	10 year average = 26%. NBNZ	37	34	26	-22	18
Household debt	10 year average growth = 11.3%. RBNZ	2.7	2.7	2.4	4.2	12.4
Dwelling sales	10 year average growth = 3.5%. REINZ	15.2	41.5	40.3	-23.1	-32.1
Floating Mort. Rate	(Total Money) 10 year average = 7.6%*	5.59	5.59	5.99	7.75	9.99
3 yr fixed hsg rate	10 year average = 7.9%	7.95	7.45	6.99	6.99	9.40

ECONOMIC FORECASTS

Forecasts at Jan 28 2010	March Years					December Years				
	2008	2009	2010	2011	2012	2007	2008	2009	2010	2011
GDP - annual average % change										
Private Consumption	3.2	-0.8	-0.2	1.8	2	4.1	-0.1	-1	1.6	2
Government Consumption	4.2	3.3	0.8	2.7	1.9	3.8	3.8	1.3	2.3	2.2
Investment	4.2	-8.8	-11.5	5	8.8	4.9	-5.2	-13.7	1.3	9.6
GNE	4.2	-2	-3.3	4	3.4	4.4	-0.1	-4.9	3.3	3.7
Exports	3.1	-3.3	-1.3	0	4.9	3.9	-1.3	-2.4	-1.3	4.7
Imports	10	-4.7	-13.9	3	5.9	8.9	2	-17.3	1.2	5.6
GDP	3.1	-1.1	-0.7	3	3.1	3.2	0	-1.6	2.3	3.3
Inflation – Consumers Price Index	3.4	3	2.5	1.1	2.6	3.2	3.4	2.6	1.4	2.1
Employment	-0.3	0.8	-1.6	2.6	3.2	2.3	1	-2.9	1.7	3.4
Unemployment Rate %	3.8	5	7.4	7.2	6.2	3.5	4.7	7	7.4	6.3
Wages	4.4	5.1	2.4	1.5	3.8	4	5.1	3.1	1.3	3.3
EXCHANGE RATE ASSUMPTIONS										
NZD/USD	0.8	0.53	0.76	0.73	0.65	0.77	0.56	0.75	0.75	0.67
USD/JPY	101	98	92	105	109	112	91	88	104	108
EUR/USD	1.55	1.31	1.48	1.44	1.4	1.46	1.34	1.49	1.45	1.41
NZD/AUD	0.87	0.8	0.82	0.83	0.8	0.88	0.83	0.81	0.83	0.82
NZD/GBP	0.4	0.37	0.46	0.42	0.38	0.38	0.37	0.47	0.43	0.39
NZD/EUR	0.52	0.41	0.51	0.51	0.46	0.53	0.41	0.5	0.52	0.48
NZD/YEN	81.1	51.8	69.5	76.7	70.9	86.3	50.9	66	78	72.4
TWI	71.6	53.8	67.9	68.3	62.8	71.6	55.1	66.9	69.6	64.4
Official Cash Rate	8.25	3	2.5	4.25	6.25	8.25	5	2.5	3.75	5.75
90 Day Bank Bill Rate	8.91	3.24	2.7	4.62	6.62	8.9	5.23	2.76	4.12	6.12
10 year Govt. Bond	6.36	4.77	5.75	6.3	7	6.4	4.88	5.5	6	6.8

All actual data excluding interest & exchange rates sourced from Statistics NZ.

The BNZ Weekly Overview is prepared by Tony Alexander, Chief Economist at the Bank of New Zealand. Ph 04 474-6744.

*extrapolated back in time as Total Money started in 2007