BNZ Weekly Overview

29 July 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.

Reserve Bank Tightens – But Cautious

As had been widely expected the Reserve Bank undertook their second interest rate rise in the current cycle this morning with a boost in the official cash rate to 3.0% from 2.75%. As justification they noted

"Overall, we continue to predict respectable near-term GDP growth, with manufacturing confidence remaining elevated and forestry exports continuing to expand. An eventual recovery in business investment will assist growth over the medium term. Annual CPI inflation has been near 2 percent for the past five quarters. As the economy grows, inflationary pressures are expected to pick up.
And
"…it is still appropriate to continue to reduce the extraordinary level of support implemented during the 2008/09 recession."

Those comments were expected, but other comments were more dovish than the markets had been anticipating and perhaps more in line with our underlying view of the economy and warning that the RB may raise the cash rate less rapidly than we were earlier thinking. That is why we have been modelling a two month pause in the Interest Rates section further on in the Weekly Overview.

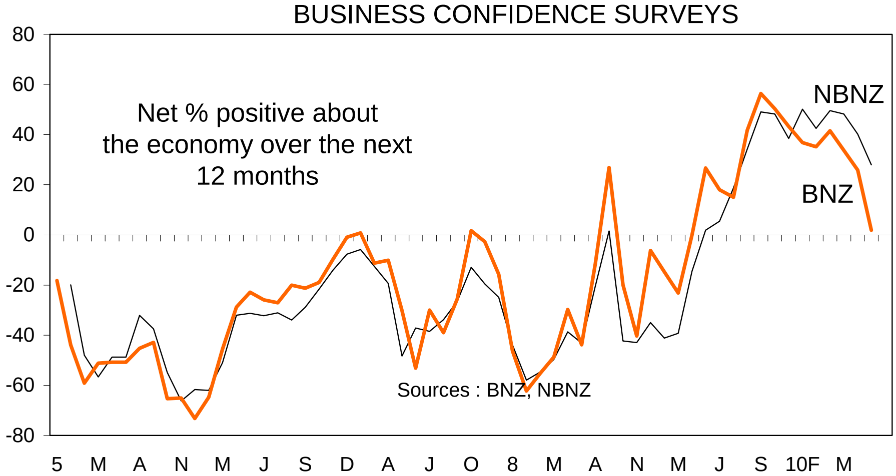
The RB noted that
"Trading partner growth has turned out stronger than we predicted, however, future prospects for growth have deteriorated. While still at high levels, our commodity prices have moderated."
And
"In New Zealand, domestic demand is subdued. Households are cautious, with retail spending growing only modestly, housing turnover in decline and household credit growth weak. While this caution has been evident for some time, the recent slowing in net immigration will act to further dampen consumer spending. Business investment remains very low, with corporate lending continuing to be subdued."
Therefore
"The pace and extent of further OCR increases is likely to be more moderate than was projected in the June Statement. Our policy assessment will be continually reviewed in light of economic and financial market developments."

In other words, there will be future interest rate rises but not with the cash rate heading as quickly to 5% as their June forecast of getting there at about the end of 2011, and perhaps with the peak not being roughly 6% in late-2012 included in those earlier forecasts.

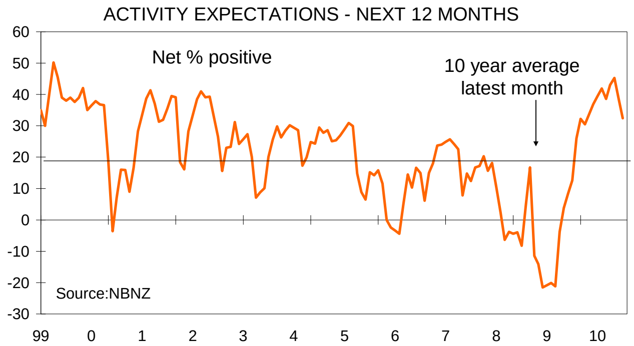
This is therefore good and bad news for borrowers. Bad in that interest rates are still going to rise. Good in that the RB has noted a clear risk of pausing along the way. But as they note, and as we have repeatedly noted, this interest rate cycle is more of a suck it and see exercise than any previous one given the huge uncertainties still in play.

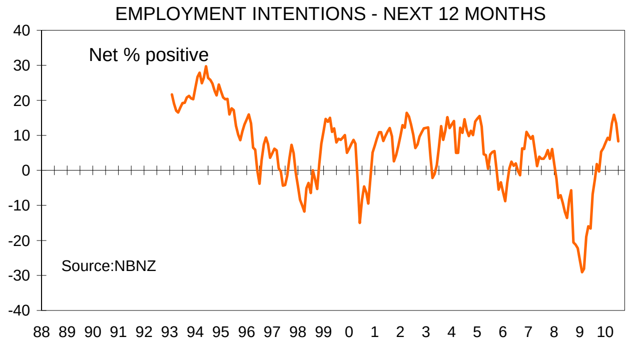
Business Sentiment Eases

The second important thing in the NZ economic sphere this week was the release of the monthly NBNZ Business Outlook survey. As one would expect given the way this survey lags our own results released three weeks ago there was a dip in the net percent of businesses expecting the economy to improve over the coming year to +28% from +40% in June. This is still well above the ten year average of -17%.

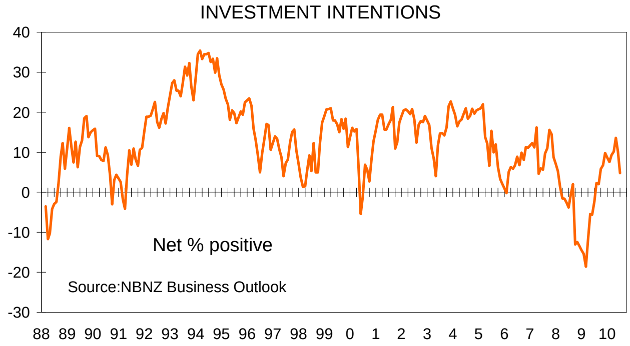


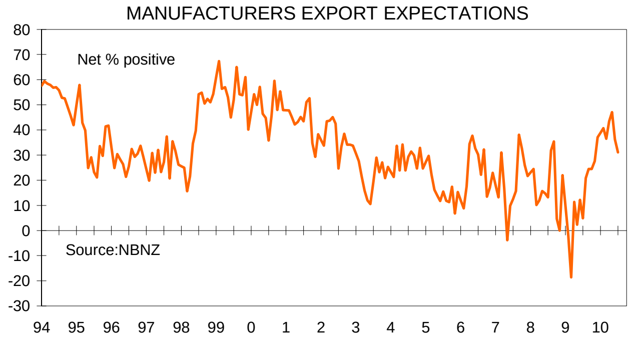
More importantly though the activity expectations measure remained well above the 18% ten year average at 32% though this was down from 39% in June. The employment intentions measure eased to 8% from 13% in June but was above the average of 3% and therefore suggestive of good jobs growth in the near future. But consistent with what our other readings are telling us businesses remain reluctant to invest (hence they need people instead) with a net 5% positive investment intentions from 10% in June and an average of 10%.





Other readings were also generally down but close to or above average, such as manufacturers' export intentions which eased to 31% from 36% with an average of 23%.





The net percent of businesses expecting to raise their prices over the coming year eased away from the worryingly high 39% in June to 31% this month, though this is above the 26% average.

Overall the survey contained no earth-shattering information but it is perhaps more consistent with our view of near 3% growth in the coming year than earlier readings which as we highlighted many times appeared over-cooked.

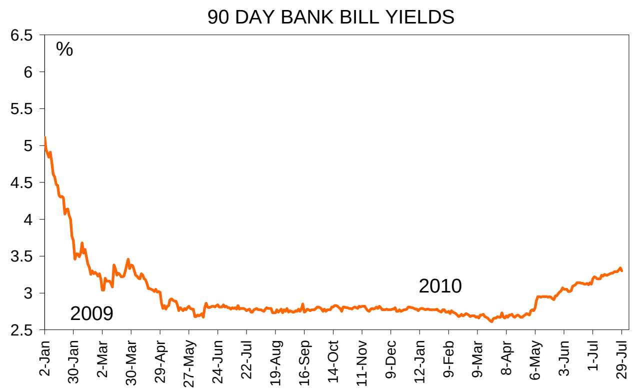
INTEREST RATES

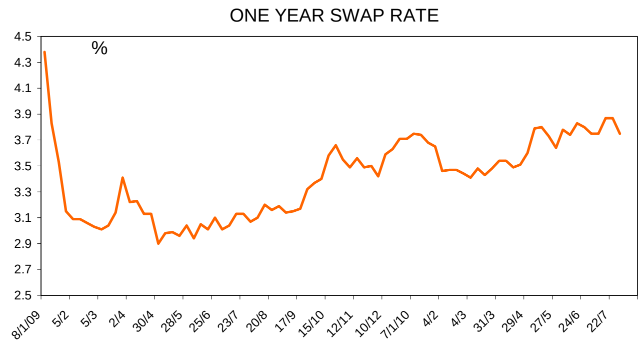
As noted above the RB raised the cash rate 0.25% to 3.0% this morning. The comments accompanying the rise were more dovish than expected therefore some wholesale interest rates have fallen a tad on the day to end lower than a week ago. The 90-day bank bill yield has ended near 3.3% compared with 3.19% last week but 3.34% yesterday. The one year swap rate has pulled back to 3.75% from 3.87% last week, the three year rate to 4.40% from 4.54%, and the five year rate to 4.76% from 4.9%.

The five year rate has not been this low since late-April last year, and the question of course is whether the declines will continue. We don't think so given the RB tightening cycle is going to continue. But we continue to express far greater uncertainty with regard to where swap rates go than short rates which are far more closely affected by monetary policy changes.

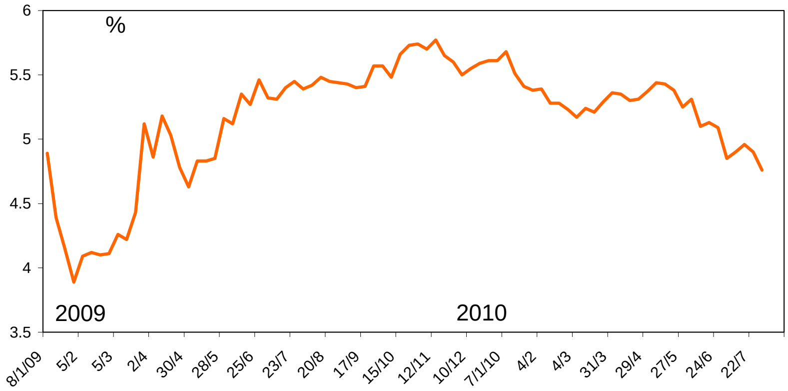
Swap rates are heavily dependent upon developments overseas – more and more so the further out the curve one goes – and there remain many possible scenarios for how world growth, investor risk tolerance, inflationary pressures etc. develop over the next couple of years.

With regard to the next review of the NZ official cash rate on September 16 our expectation is that there will be an increase but ahead of then we could see some large market changes in expectations for that date and following ones which could move swap rates around (up and down) once again.





FIVE YEAR SWAP RATE



Key Forecasts

- Tightening through to mid-2012.

FINANCIAL MARKETS DATA

	This week	Week ago	4 wks ago	3 months ago	Yr ago	10 yr average
Official Cash Rate	3.00%	2.75	2.50	2.50	2.50	5.9
90-day bank bill	3.30%	3.19	3.14	2.71	2.77	6.2
1 year swap	3.75%	3.87	3.75	3.60	3.07	6.3
5 year swap	4.76%	4.90	4.85	5.37	5.39	6.6
180-day term depo	4.10%*	4.10	4.80	4.90	3.15	6.0
Five year term depo	6.75%	6.75	6.75	6.75	6.00	6.5
* 150 days = 5%						

If I Were a Borrower What Would I Do?

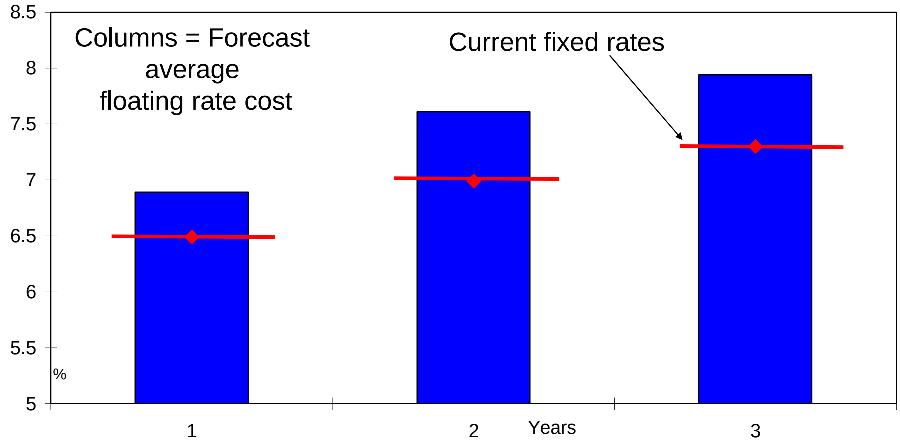
In response to gathering events recently and the RB's statement today we have adopted a central rate hike scenario of the peak being 5.5% instead of 6%, with one pause in the cycle in January and another in June next year. Modelling this scenario produces an expected floating mortgage rate (TotalMoney) over the coming year of 6.9% versus the one year fixed rate at 6.49%. For two years we forecast an average floating rate of 7.6% versus fixing at 6.99%. For three years we forecast an average floating rate of 7.9% versus fixing at 7.3%.

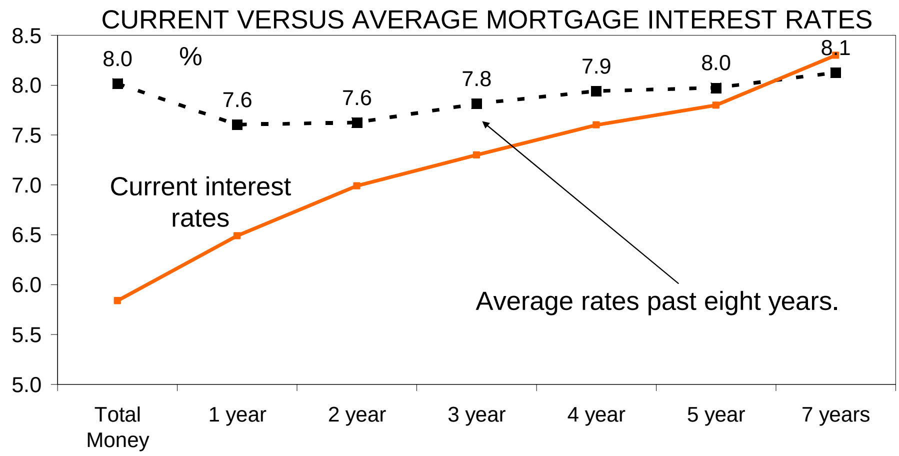
Our analysis still falls slightly in favour of fixing two or three years rather than floating. So personally I would fix three years expecting that by April next year the floating rate will be above the current three year fixed rate of 7.3%. The floating rate will probably be above the current two year fixed rate of 6.99% come March next year.

Note that the RB would still have to pause for near a full year in their tightening cycle to be worse off fixing over the next two or three year periods than floating.

The first graph on the next page which contains blue columns compares current fixed rates (red horizontal lines) with our forecasts for where the floating rates will average – the blue columns. The red lines are below the column peaks so if our forecasts end up being accurate (two pauses with floating rate peak at 8.6% early 2012) then fixing beats floating in the near future.

But for most people making the jump from a still very low floating rate to a higher fixed rate is a big call – something which came through quite clearly in an internal survey we ran this week of our front line people.





We asked them what people are generally doing with their mortgages at the moment and why and here is a representative selection of the replies. The tone is most floating, a few more recently picking away at fixed rates, and most feeling the RB will not tighten as quickly as many expect as they feel the economy is still quite fragile.

……………………..

Most of my customers are still opting for floating mortgage rates currently. My customers are unsure and nervous as to what the rates may do, but because they have been on high interest rates in the past, they are choosing to stay floating.

I expected that, after the most recent OCR review increasing the rate, I would be swamped with customers rushing to fix their loans. This has not eventuated. While I have had some who are electing to fix half to two-thirds of their loans for 2 to 3 years, the majority of my customers are sticking with the floating rate for now given it is still over 1% lower than the 2yr rate. Many customers were encouraged by the fact that the 2 year plus rates all decreased recently, so I think there is a belief out there that customers can ride the floating rate up for a little while yet and still have access to below average 2 & 3 year rates further down the track.

Majority of my customers are remaining on floating, most of which are on TotalMoney. Seems the rate is too good to tempt them to fix. The occasional customer is fixing for 18 months or two years.

Still floating if already doing so, and if rolling off high fixed rates, happy to float also. A % are considering fixing or would like to, but gap between the two is still too high. Some consider floating rates will not rise considerably based on there own assumption the economy is not recovering to any great extent, therefore interest rates will not rise too much.

Most of my customers are splitting their loans into a combo of fixed and floating at present. The floating portion, I have noticed, is normally smaller that what it would have been say 6-8 months ago. i.e. They may have total lending of $300,000 - will put $15,000 floating and fix the remainder. Customers still see the value in TotalMoney variable rate.

Quite simple, people are staying variable because of the uncertainty of rate rises, the fact they are paying low current rates, and fixing would mean paying more straight away. It is hard to make them see that based on current trends/market outlook and expectations, over the next 2-3yrs, fixing will actually save them money. People however that can afford to pay higher rates now are trending towards fixing with maybe some part of the loan floating, just in case OCR rises are slower than predicted, and gives options to repay debt quickly.

I've got about 50/50 people floating and people fixing 2 - 3 years, or a combination of the two. Some are floating awaiting news the OCR will rise and hoping to still be able to get a good fixed rate. Others are happy to sit floating as are not expecting RB to raise rates as quickly as was initially thought. Those fixing tend to do so for repayment certainty.

I deal mostly with residential property investors. Most have lending in excess of $500,000 and are generally pretty savvy and have previous experience in borrowing in a rising interest market. I'm finding people are splitting loans into 2 or 3 portions. They like the flexibility and current low interest rate of TotalMoney so have a portion documented as floating to offset credit balances in their accounts and also because the interest rate is below our standard rate. They are then mostly fixing the remainder between 1 and 2 years with a few very risk adverse choosing to fix for 3. Almost all will have read at least one of the Weekly Overview segment If I were a mortgage borrower... before making their decisions.

Some are starting to fix or are thinking seriously about fixing. They now believe that rates will only get worse. The bulk are still floating to get a cheaper rate (or to avoid making a decision).

Some customers are leaving all their loan on the floating rate and waiting to see what the market is doing as this is less than any of the fixed rates. Mostly these are attaching the Fly Buys to the loan, although I had one who attached air points. One customer split their loan into half on TotalMoney $70k, which they could offset against funds still in the account and then the other half $71k they fixed for 2 years on the thought they hoped they had covered all bases. Another customer put $76k on TotalMoney and $339k on one year fixed. They did this on their savings plan, they should have sufficient funds in their offsetting accounts, plus their repayments, to not be paying any interest on the TotalMoney loan by the end of the year. Next year they will take part of the $339k and put this into TotalMoney and do the same thing - and so on till it is all repaid or not incurring any interest charging.

I probably still have around 40 -50% of my client base still floating. For a number of them they have now had the benefit of some low rates for a good 8-12 months and are now going to ride the cycle through on the basis that if they average out their cost over the period before rates drop back again they believe they will still be better off (This is probably 20-30 %). For the ones that are fixing the majority are splitting there debt 50% fixed 1-3 years with the balance floating and a smaller percentage are using range options for the total debt

Lots of indecision at the moment with our customers having a broad mix of floating, fixed & floating, and fixed rates, overall probably a slight bias to floating. The current momentum however seems to be slowly moving away from floating towards fixed with the 2 - 3 year rates being favoured. Not quite the interest in this OCR as the last one but feel if there is an increase this time around there will be a further move to fixed in the run-up to the next announcement, many looking to move to fixed but trying to get timing right.

Bit of a mixed response from the team here. One of my guys finds the majority of his customers are splitting their loans into part fixed and part variable, or two different loans with different fixed periods. Most of his customers with loans more than $200k have at least 2 lending facilities, to try and mitigate any rate rises. The 3 year rate seems to be very competitive, and provides a level of certainty our customers are happy with. Another of my team is finding the TotalMoney variable rate to be a winner with his customers due to the offsetting and many of his customers don't believe the OCR will go that high.

Repaying debt where possible and not making those mortgage top ups that they might have considered in the past.

I have found that with new lending I am completing customers are doing a split of fixed and floating for example. $100K 1 year $100K 2 years and the remaining $30K floating. I have seen splitting the most common type for new lending. I believe the reason for this is some security of rates plus taking advantage of the floating. Existing customers rolling over are mainly fixing the lending because of budgeting.

Everyone is floating. Some are thinking about fixed rates but are unwilling to make the jump at this stage, particularly while things are so patchy. Some need the cash flow benefit, the others are happy to absorb increases if and when they come. A big part of the decision to float is due to concerns about the strength of the economy. Interestingly while they are worried about the ongoing viability of everyone else they are not too concerned about their own outlook.

Most of our customers still seem to be going with the floating rate. Main reason seems to be that they are prepared to take the risk so that they can save on their interest costs now. Very few seem to feel the urgent need to fix. They all want to adopt the wait and see. Last week I did a two year fixed rate loan. That would be the first one in over six months . I have 15 loans on the go at the moment and that is the only fixed one.

Generally people are looking to save as much money as they can now. When questioned about what plans they have going forward very few have any plans which is quite a contrast from 2-3 years ago. They seem to have shut up shop with no signs of this changing. Only those that have plenty of equity in their property, good job security and surplus income are taking opportunities to carry out long term plans such as travel to Europe or renovate. Generally these people are 45+ , kids have left home and are coming to the end of their home loans.

Most of my clients are still on floating. Not necessarily because they think the fixed rates will fall but because it is the cheapest rate. They don't see the point of fixing and paying a higher rate now. Happy to wait until they feel floating is not the best place for them. My clients who are fixing are generally going 2 years or less

I have a number of new loans that have been or will be drawn over the last week/next week, and a number of loans coming up for re-fixing. Individual loan amounts are in the range $500k to $1.5m. These clients are going about 2/3 variable and 1/3 fixing for two years.

Majority of customers opting to float, customers hesitant to fix at higher rates compared to the floating rate, most are saying that they will wait for fixed and floating to be at a similar rate before they will consider fixing, but I think there could be a slight shift towards fixing if the R.B lifts OCR this week.

Housing clients are rolling fixed term loans to variable rate - utilising the lower rate, or splitting loans to ensure they have a good average. Agri clients are looking longer term and wanting to have set repayments for budgeting.

Over the last few weeks, the plan of most of the customers I have talked to is to fix for around 2 years, and to do this before the impending OCR announcement. Most customers seem to feel the OCR will push bank rates up very soon after the announcement, and continue to do so.

Most ----Reducing debt still by lump sum payments from asset sales (rental property/bach)
Increasing repayments to reduce debt. Some ----Increasing debt to buy plant & equipment & replace motor vehicles These clients think that this is the way the economic climate is going to be for a while, they've adjusted their spending and are now carrying on as normal. Fixing ----Most are still floating taking advantage of the lower rates. Once you suggest it's time to fix again (via your weekly Observer) I suspect we will have an influx of requests to fix.

I have noticed that existing customers are not panicking the way they have in the past and most have stayed on the variable rate when their fixed rate expires. Some have split their loan and put both on TotalMoney so they're ready to fix the higher portion when rates go up. But generally happy to stay on the floating rate a bit longer. I always refer them to your WO when they ask me what I would do. And of course we look at what their plans are for the future, income, etc. I show them how the 'effective interest rate' drops with TotalMoney when they have money offsetting as I find that a lot of people focus purely on the interest rates. Even a relatively small amount offsetting will give a lower effective interest rate. The key is for them to remember this and not panic when the variable rate increases! Some of my new/first home loan borrowers are fixing 2-3 years for certainty (which is important to most) and keeping a small amount on TotalMoney.

I would suggest that 80% of people I have talked to have left their mortgages on a variable interest rate. Main reason is their money situation is tight, no wage increase, fuel, groceries have gone up etc, and they don't feel they can spare the extra it would cost if they went onto fixed.

Customers are asking the question of whether it is the time to fix now as they understand that it is a raising interest rate environment. Have been splitting a fair amount between fixed and floating on the basis that there is still a lot of uncertainty about what is happening globally, and that the cash flow benefit of the floating rate at present will help soften the cost of fixing 2 or 3 years.

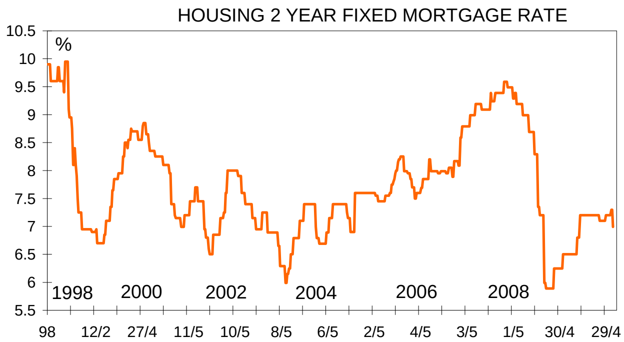
The majority of people I come across are putting as much of their finances as possible repaying debt. Credit cards is the first to be paid, then the mortgage. This is usually by increasing their repayments. Of the people who are purchasing homes, they are fixing, often with 3 or 4 facilities over different terms to counteract their interest rate risk.

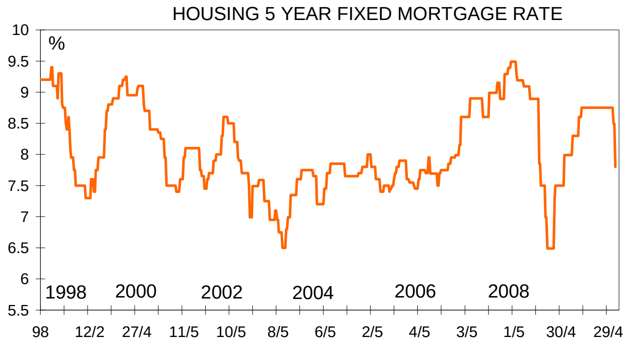
Up until now most people have been happy to remain on 'variable' especially those people who not long ago came off a fixed rate of 9.00% plus. More lately however people are now starting to look at fixed rate options again especially since they reduced in early July to current levels with the 18 month & 2 year terms being most popular . These rates are under 7.00% and the jump from the current variable is a maximum of 0.75% and will possibly reduce further with the OCR announcement on Thursday. The economic recovery still seems somewhat laboured with business owners feeling this and although their loan repayments may increase a fraction they are looking to have some stability over the short term pending the economy getting into at least third gear sometime in the near future if current predictions are anything to go by.

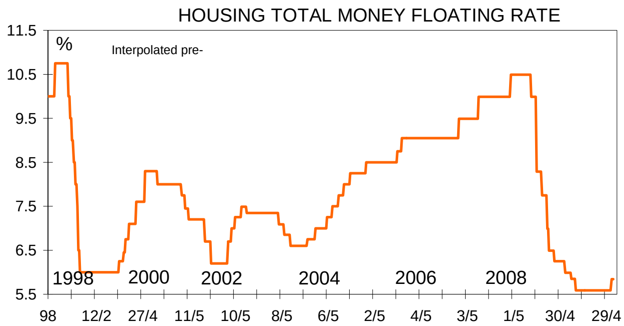
People are tending to look at fixing for two or three years dependant on situation seems to be the timeframe. Also some people on the other hand are floating again possibly selling houses usually the case in this one. Splitting lending is also another popular one. Not just one option, depends on discussion and where the customer is at in there life at the time. People are aware that the rates will probably rise and I often refer them to look at what Tony Alexander says and then make the decision which suits them.

I have noticed people either fix or float, very few do both. If they float it's with TotalMoney, mainly. If fixed, usually they chose the 18mth special or 2-3 years Standard home loan. Average new loan figure approx $250k

I'm finding that more people are going away from the floating rates and are now looking at the fixed options. The 18 month rate seemed to be the most popular just because it between the one and two yr rates because customers felt uncertain about what the future holds. Now we are seeing more people fix for the two yrs and very seldom three, simply because its still below the average rate for NZ and the floating rate steadily increasing, customers don’t want to miss out when the rate increases.

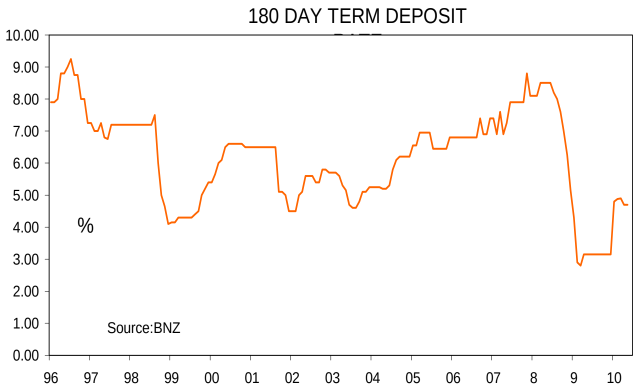


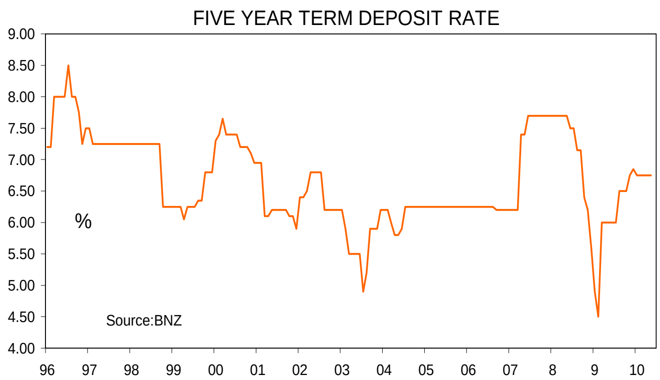




If I Were a Term Deposit Investor What Would I Do?

I'd still have most short but would place some in the five year term to enhance the average yield while I wait for the short rates to go higher.





HOUSING MARKET UPDATE

Nothing new this week.

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

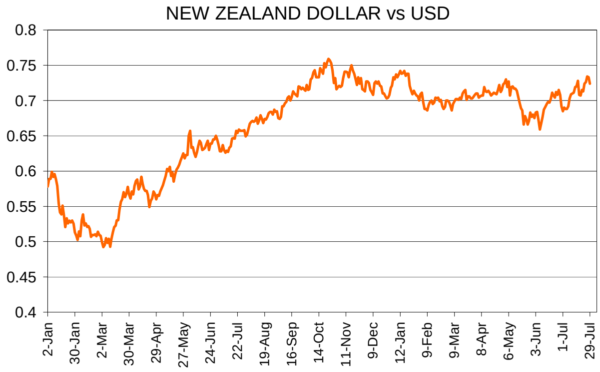
- Dwelling consent numbers to recover now with potentially good activity from late-2010.
- House prices edging higher after tax change effects wend their way through.

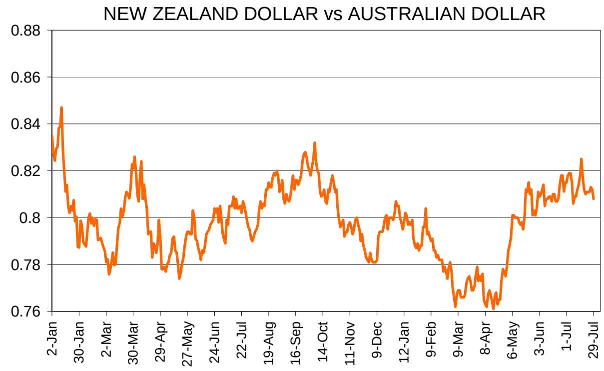
Exchange Rates & Foreign Economies

Exchange Rates	This Week	Week Ago	4 wks ago	3 mths ago	Yr ago	Consensus Frcsts yr ago*	10 yr average
NZD/USD	0.724	0.713	0.708	0.715	0.658	0.610	0.592
NZD/AUD	0.808	0.811	0.811	0.775	0.796	0.770	0.856
NZD/JPY	63.10	62.00	63.30	67.10	62.2	61.366	66.8
NZD/GBP	0.463	0.469	0.468	0.471	0.4	0.380	0.345
NZD/EUR	0.556	0.558	0.577	0.542	0.465	0.445	0.51
USD/JPY	87.15	86.95	89.40	93.84	94.529	100.600	113.9
USD/GBP	1.564	1.520	1.513	1.518	1.645	1.607	1.709
USD/EUR	1.302	1.278	1.227	1.319	1.415	1.372	1.156
AUD/USD	0.896	0.879	0.873	0.923	0.827	0.792	0.69

NZD Up For The Week

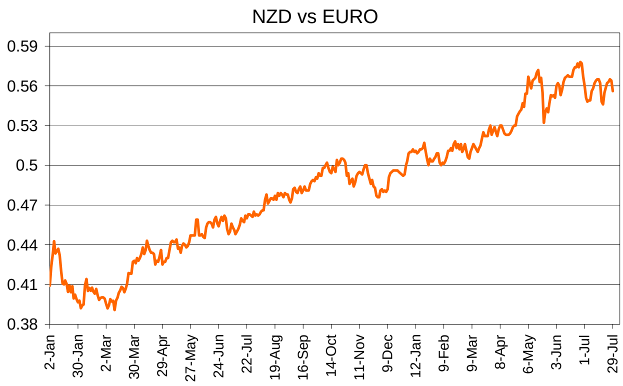
The Kiwi dollar has ended trading this afternoon near 72.4 cents which is about one cent up from a week ago and six cents up from the low near US 66 cents reached on June 8. During the week the currency actually traded higher at almost 74 cents but it fell away on general profit-taking overnight and this morning's more dovish than expected comments on monetary policy by the Reserve Bank.

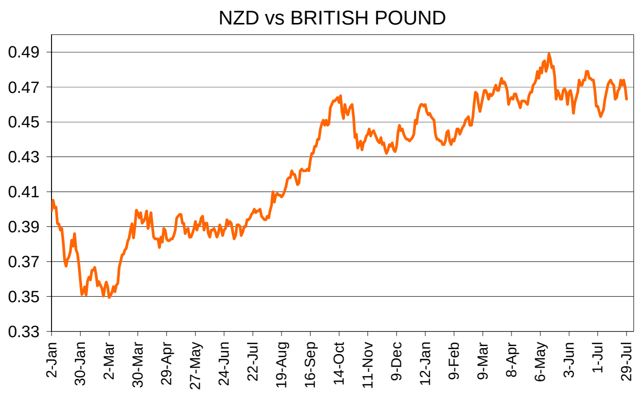




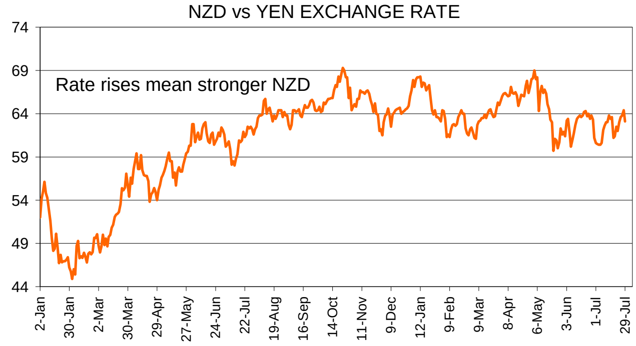
The Kiwi dollar's rise early in the week was spurred by a sharp gain in the US sharemarket associated with some better than expected corporate earnings reports. As well, In June the number of new home sales in the United States jumped by a surprisingly strong 24% whereas a gain of 3% had been expected. The rise has made investors pull back on their deepening concerns about the US housing market for now and although one might think this would boost the USD it actually assisted some weakening as improving global risk appetite led to selling of the current safe haven currencies – the USD and Japanese Yen.

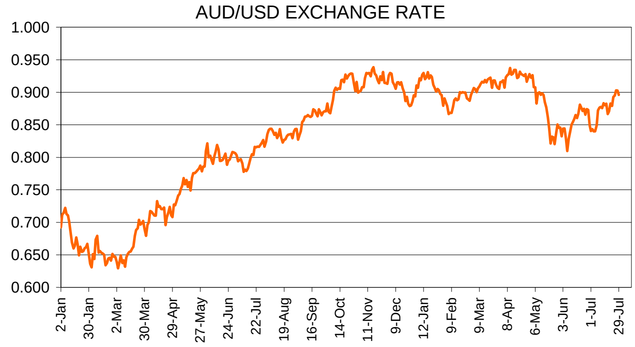
Stress tests for European banks produced generally less worrying outcomes than feared although the scenario of a debt default was not actually modelled.



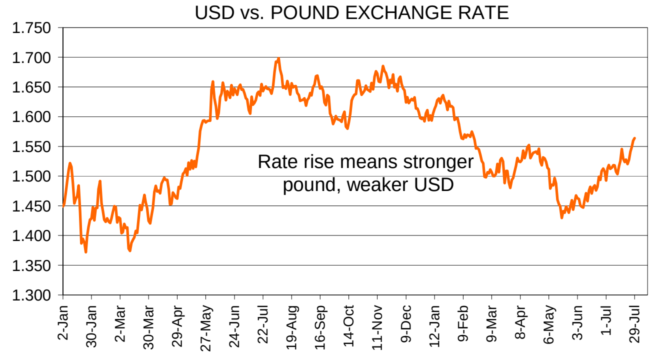


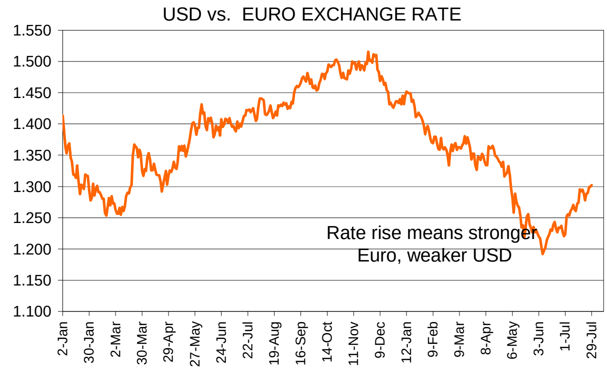
Next week the NZD will rise if risk worries dissipate further, or it will fall if worries return. There is no way of knowing which scenario will eventuate, but we retain our view that for the remainder of this year at least the NZD will be well supported by strong commodity prices, our assumption of the world economy scraping by and risk tolerance improving further, and high though not necessarily still rising commodity prices.

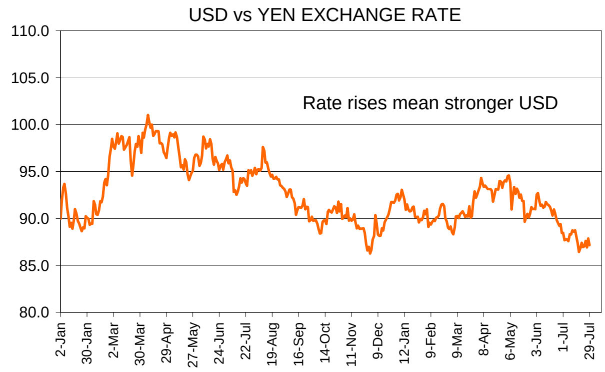




On the crosses the NZD has changed exceedingly little – reflecting the fact that a lot of our gains against the greenback were on the back of the USD itself easing against the British Pound, Euro, and Japanese Yen.







For more detailed commentaries from BNZ and the NAB group on foreign currencies, commodities, etc click on the following link.
https://research.bnz.co.nz/Research/Pages/default.aspx

*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	0.3%	0.4	1.8	1.9	4.0
GDP growth	Average past 10 years = 2.6%	+0.6	0.9	-0.4	-1.4	2.8
Unemployment rate	Average past 10 years = 4.7%	6.0	7.1	......	5.1	3.9
Jobs growth	Average past 10 years = 2.0%	1.0	0.0	-0.1	0.7	-0.3
Current a/c deficit	Average past 10 years = 5.9% of GDP	2.4	2.9	......	7.9	7.8
Terms of Trade		5.8	-1.6	-8.2	1.8	8.8
Wages Growth	Stats NZ analytical series	0.4	0.8	2.7	5.4	5.0
Retail Sales ex-auto	Average past 9 years = 3.9%.	1.3	0.7	1.3	-0.6	2.8
House Prices	REINZ Stratified Index	0.7	-1.2	5.1	-5.0	-1.9
Net migration gain	Av. gain past 10 years = 13,900	+16,504	20,973yr	......	12,515	4,735
Tourism – an. av grth	10 year average growth = 3.2%. Stats NZ	3.8	4.2	3.8	-2.8	0.9
		Latest year rate	Prev mth year rate	6 mths ago	Year ago	2 yrs ago
Consumer conf.	10 year average = 3%. Colmar survey	46	36	57	3	-34
Business activity exps	10 year average = 19%. NBNZ	32	39	39	13	-8
Household debt	10 year average growth = 10.3%. RBNZ	2.5	2.7	2.7	2.6	9.4
Dwelling sales	10 year average growth = 2.5%. REINZ	-24.2	-17.2	15.2	40.3	-42.4
Floating Mort. Rate	(TotalMoney) 10 year average = 7.9%*	5.84	5.59	5.99	5.99	10.49
3 yr fixed hsg rate	10 year average = 7.8%	7.30	7.75	7.95	6.99	9.09

ECONOMIC FORECASTS

Forecasts at July 1 2010	**March Years**					**December Years**				
	2008	2009	2010	2011	2012	2007	2008	2009	2010	2011
GDP - annual average % change										
Private Consumption	3.2	-1.1	0.6	3	2.1	3.9	-0.3	-0.5	2.9	2.3
Government Consumption	4.9	4.2	1.4	2.8	1.7	4.4	4.8	1.6	3.1	1.7
Investment	5.5	-7.2	-9.5	6.1	8.6	5.5	-3.6	-12	3.1	9.3
GNE	4.7	-1.5	-3.2	5.7	3.2	4.7	0.4	-5	5.3	3.6
Exports	3.1	-3.4	2.9	1	5.7	3.8	-1.4	0	1.9	4.8
Imports	10	-4.7	-9.6	8.7	5.2	8.9	1.9	-14.9	9	5.1
GDP	2.9	-1.5	-0.4	3.3	3.3	2.8	-0.2	-1.6	2.9	3.4
Inflation – Consumers Price Index	3.4	3	2	4.6	2.8	3.2	3.4	2	4.3	2.7
Employment	-0.2	0.7	-0.1	2.6	2.8	2.3	1	-2.4	2.7	3.2
Unemployment Rate %	3.9	5.1	6	6.1	5.4	3.5	4.6	7.1	6.3	5.5
Wages	4.3	5.1	1.6	2	3.6	4	5	3.1	1	3.2
EXCHANGE RATE ASSUMPTIONS										
NZD/USD	0.8	0.53	0.7	0.72	0.66	0.77	0.56	0.72	0.73	0.68
USD/JPY	101	98	91	99	105	112	91	90	97	103
EUR/USD	1.55	1.31	1.36	1.21	1.25	1.46	1.34	1.46	1.21	1.24
NZD/AUD	0.87	0.8	0.77	0.83	0.84	0.88	0.83	0.79	0.82	0.83
NZD/GBP	0.4	0.37	0.47	0.47	0.4	0.38	0.37	0.44	0.48	0.42
NZD/EUR	0.52	0.41	0.52	0.6	0.53	0.53	0.41	0.49	0.6	0.54
NZD/YEN	81.1	51.8	63.7	71.3	69.3	86.3	50.9	64.2	70.8	69.5
TWI	71.6	53.8	65.1	70.9	66.3	71.6	55.1	64.7	71.4	67.4
Official Cash Rate	8.25	3	2.5	4.25	6	8.25	5	2.5	3.75	5.75
90 Day Bank Bill Rate	8.91	3.24	2.67	4.57	6.15	8.9	5.23	2.78	4.12	6.07
10 year Govt. Bond	6.36	4.77	5.86	6.3	7	6.4	4.88	6.02	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 TotalMoney started in 2007