BNZ Weekly Overview

24 June 2010

Mission Statement

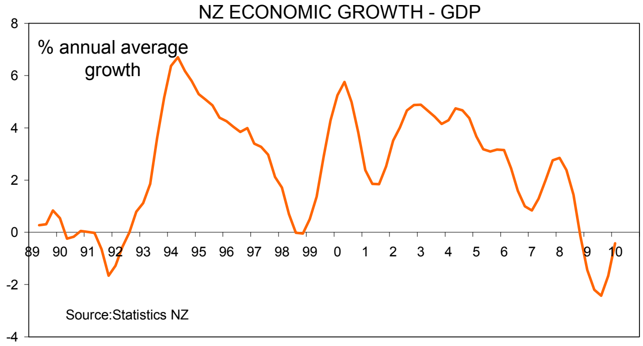
To help Kiwi businesspeople and householders make informed financial decisions by discussing the economy and its implications in a language they can understand.

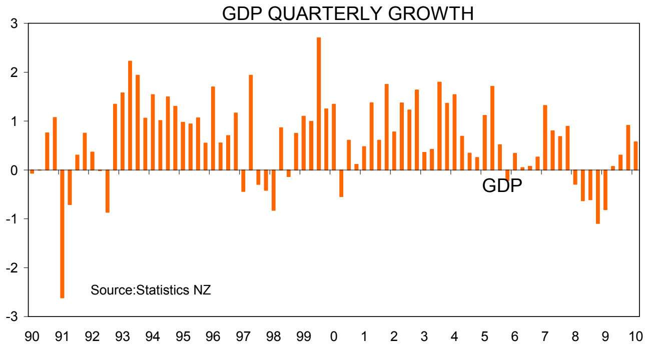
In this week's issue….

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.

NZ Economy Grows 0.6%

Data released this morning show that the NZ economy grew by 0.6% over the March quarter (helping deliver the 22,000 jobs growth reported many weeks ago) following growth of 0.9% in the December quarter, 0.3% in the September quarter, and just 0.1% in the June quarter of last year. The recession officially ended in the June quarter of last year (though this starting point for the recovery is being steadily revised away) but at just 0.5% average quarterly growth so far – or 0.6% excluding the June 2009 quarter – underlying growth has only been around 2% - 2.5% which is below average and a relatively mild upturn after GDP shrinkage of about 3% during the recession.





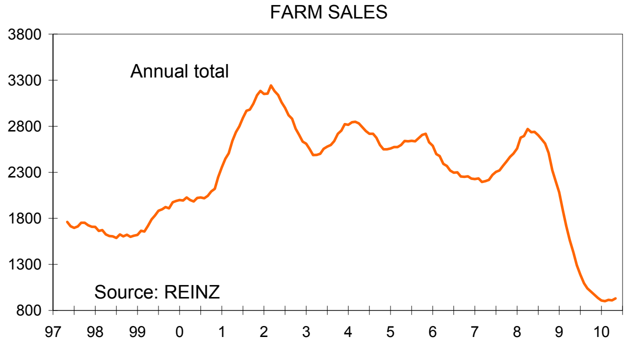
The 0.6% March quarter growth came about from lowly 0.2% growth in private consumption from 0.8% in the December quarter and 0.9% in the September quarter. Government consumption grew by a strong 1.6%, residential construction 0.6% following 4.7% December quarter growth, and 1.4% export growth being outpaced however by 1.8% import growth.

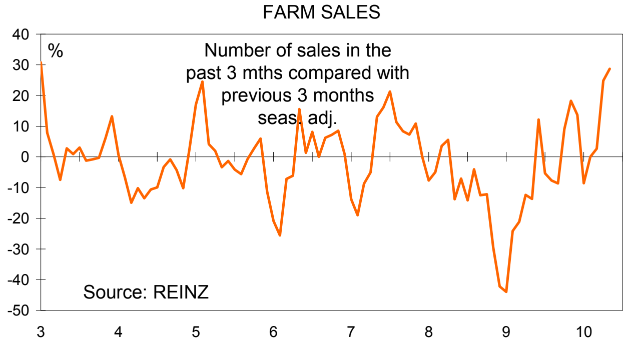
Over the year to March the economy shrank by 0.4% but there was growth of 12% in forestry and logging, 7.7% in real estate and other business services, 2.3% in agriculture (in spite of the drought) and 3.8% in mining and quarrying. On an expenditure basis over the past year private consumption grew only 0.5%, government consumption 1.5%, while export growth of 2.8% swamped a fall in imports of 9.6%.

Our expectation is that growth will accelerate to around 3% to 3.5% in the coming year meaning that we still expect a very mild recovery by historical standards.

Rural Real Estate Showing Signs of Life

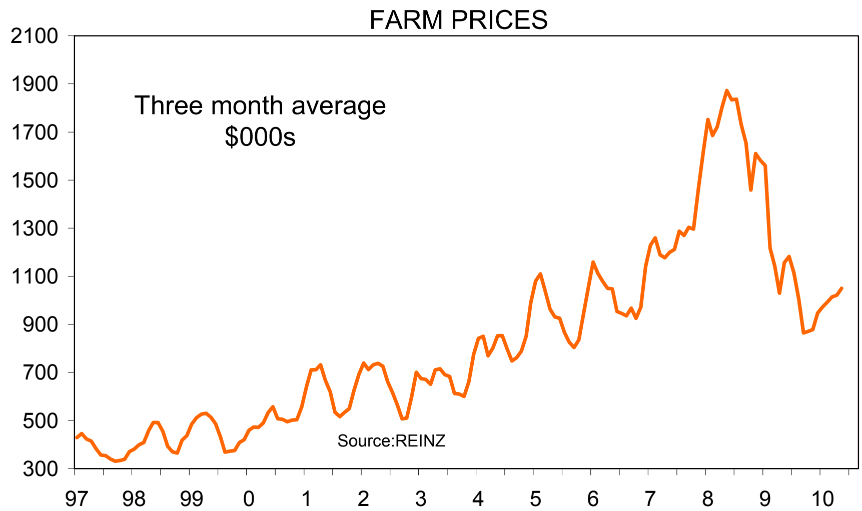
Around the country in May there were 118 farms sold. This was a 22% rise from a year earlier and for the three months to May sales were 11% ahead of a year ago and ahead in rough seasonally adjusted terms by 28% from the three months to February. There is a recovery in farm real estate activity underway which is not at all surprising given the improving dairy returns and the passage of time making more vendors realistic and interested in getting on with their lives.





From the Fieldays last week we learnt that there is increasing interest being shown by buyers, on top of the foreign interest we picked up in a few conversations last week also. This is unlikely to mean upward price movement in the immediate future, but it probably means that prices have stopped falling. On that basis one can say there is probably no longer any good reason for a potential buyer to hold off.

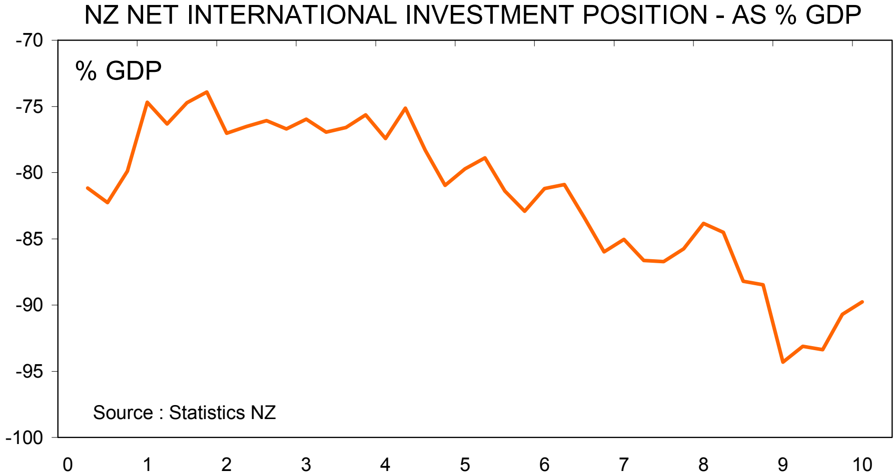
With regard to prices we are somewhat in the dark given the huge month to month variation that can occur in the size, type, location etc. of farms transacted on the market. The people we speak with suggest prices have declined on average by between 25% and 40% from there they were two years ago. The data from REINZ show that over the year to May the average farm sale price was down by 31% from a year earlier following a 9% fall the previous year. But there was a 44% rise in the year to May 2008 so one needs to put these things into perspective. It is the folk who bought two years ago who have suffered the big capital losses – and the relevance here is how many bought two years ago intending to sell now? That is not generally how things go with farms where timeframes for ownership and eventual sale (if any) are measured in decades.



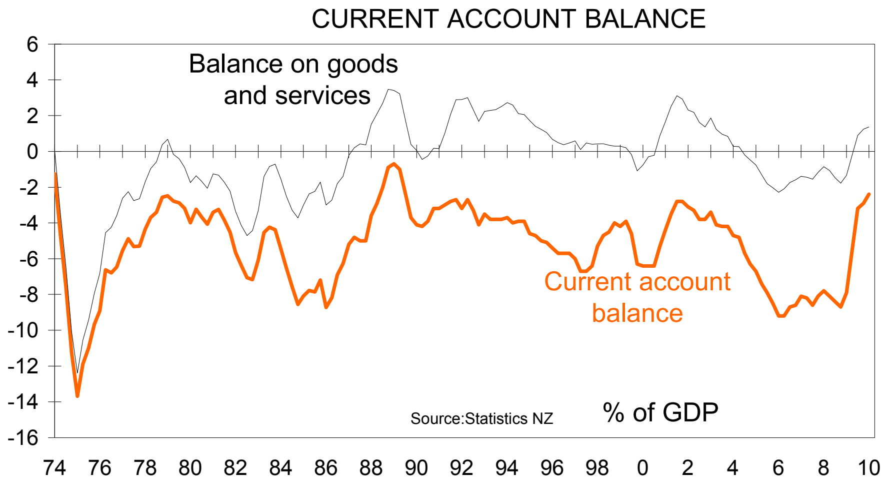
New Zealand $166bn Out Of Whack

New Zealand traditionally runs a current account deficit which initially reflected the harsh exporting conditions of the 1970s but since then has more and more reflected the cost of servicing those old (and more recent) deficits in terms of net interest payments and net dividend flows. Specifically, with entities overseas lending us and investing in our assets to the tune of $293bn while we have just $127bn in loans and investments in them, the net international investment position of -$166bn is huge relative to GDP at near

89% of GDP. This is a key source of vulnerability for the NZ economy and one manifestation of this is the 40% or so bank funding which needs to be sourced from foreigners because we cannot raise enough funds here in New Zealand to meet the debt appetite of Kiwis.



In the year to March the deficit on this international investment balance was $7.6bn which more than explains the total current account deficit of $4.5bn which is a relatively low 2.4% of GDP from 2.9% in calendar 2009 and 7.9% a year ago.



Actually however the true underlying IIP servicing deficit is closer to $10bn as in the past year foreign-owned banks had to make adjustments for past tax liabilities and this reduced the debit side of the international investment income account - temporarily. What this means is that the current account deficit is closer to 4% of GDP than 2.4%.

With regard to exports versus imports of goods and services the balance was a surplus of $2.5bn compared with a deficit of $2.5bn a year ago and $1.6bn two years ago. The improvement reflects the depressing effect of the global recession on our exports of 8.7% being offset by our own cutbacks cutting imports 16.7%.

As growth in the economy picks up, and therefore imports rise along with dividends earned by foreign asset owners and their interest receipts as interest rates rise, we expect the current account deficit to head back toward 6% of GDP.

INTEREST RATES

A number of people have been wondering why OCR rises currently are leading to bank lending rates going up whereas when the OCR was falling bank lending rates did not fall as fast. They think maybe there is something fishy going on – but there isn't.

Back between the middle of 2008 and April 2009 when the RB was slashing the cash rate from 8.25% to 2.5% (floating mortgage rates fell from 10.9% average to eventually 6%) the cost to us banks of borrowing funds offshore (the margin or spread) was rising because of the global financial crisis. That is, the crisis revolved around investors from managed funds etc. being less willing to lend to banks wherever they were hence they demanded a premium to in fact do such lending.

This time around while the OCR has started to rise there is not an opposite movement in that willingness of investors to lend. That is they are not rushing us with money because they think the planet financially speaking has become a wonderful place. In fact their willingness to invest with banks has deteriorated to some extent in recent months because of worries about Europe – and before that worries about Dubai.

So there is no massive change in the relevance of the OCR and we did not say at the time as some people are claiming that all our funding costs were determined by offshore markets. Those funding costs appear as margins upon domestic interest rates and our domestic interest rates are still very much influenced by the RB's current and especially expected monetary policy stance – but with decreasing relevance the further out one goes along the yield curve.

What that last comment means is that as the RB takes the cash rate toward neutral near 5% then to 6% over 2012 if the economy stays strong floating rates will in total rise about 3% from current levels but long term fixed rates will rise much less – best guess 1% - 1.5%. One should be aware that picking fixed rates is extremely difficult in this current environment and we repeat the warning we have given a number of times over the past year. Be very wary of any nice sounding funding strategies which rely upon fixed rates being at a particular level at a particular point in time over the next five years. Be wary even of picks for when the peak in the monetary policy cycle will occur and at what level for the OCR. There are simply too many unknowns.

This week we have seen no major changes in wholesale interest rates with upward moves early in the week backing off as US rates fell in the face of weak economic data and comments from the Federal reserve last night suggesting no tightening of US monetary policy is likely for a very long time. Our expectation remains for the Reserve Bank here to raise the cash rate another 0.25% come July 29 and as we get closer to that time short-dated swap rates and bill yields will creep higher.

A Simple Lesson In How Monetary Policy Works

The Reserve Bank has as one of its tasks keeping inflation between 1% and 3% on average over the business cycle. Inflation is heavily influenced by how fast the economy is growing in relation to growth in resource availability (labour, machinery, buildings) and gains in productivity. If the RB is worried about inflation in 18 – 24 month's time it will try to slow down growth in the economy in order to reduce pressure on resource prices. It does this by altering the cost to you and I as businesspeople and householders of borrowing money to buy stuff.

When the cost of borrowing money – the interest rate – goes up we tend to borrow less, therefore we spend less and as retailers sell fewer things they order fewer and those making things cut back their demand for resources – like employees – and inflationary pressures abate. At the same time as interest rates rise we tend to save more and that also means less spending. The exchange rate also tends to rise but we shall leave that out of this particular discussion.

So how does the RB influence the cost of borrowing – bank lending rates to businesses and households? It raises and lowers something called the official cash rate. In simple terms this is the cost to us banks of borrowing money for 24 hours from the RB if we need to square our overnight account with them. If the cost of squaring one's account (some nights one is short, some long) is a lot then one will want to avoid that by borrowing off other banks during the day – and paying more and more in order to do that – or borrowing more money for say 90-day periods – and again raising the interest rate one is prepared to pay to get that money on board.

In this way a change in the OCR affects how much we banks are prepared to pay when we sell bank bills to raise money. The longer we think the OCR will rise and stay high the more we will be prepared to pay for rates of longer and longer duration – six months, one year, five years.

So moving the OCR moves wholesale bank funding costs (and we raise our term deposit rates also to get funds in) as long as we expect the OCR to stay up. This is where verbal intervention by the RB becomes important. The harder they talk with regard to inflation being a problem and needing to raise rates a lot for a long time the more scared we banks will be of being caught short and paying a high OCR down the track so the more we will be prepared to raise our bank bill yields and term deposit rates.

But what happens if the RB raises the OCR and we banks don't raise our lending rates – maybe because we feel they will cut the OCR again very shortly because we think they are over-estimating inflation, or because we decide to cut our margins to try and perhaps get lending market share from each other? In that case if an OCR rise does not lead to higher bank lending rates there will be no new downward pressure on borrowing, no reduced growth in business and consumer spending, no reduced orders for goods and services from suppliers, and therefore no reduced pressure on resource prices. Monetary policy will not have changed. Excluding the exchange rate link monetary policy only works if bank lending rates change.

If they don't then the RB will have learnt it needs to raise the OCR more than it thought. Meaning in very simple terms now, if a round of bank lending rate increases had not followed the OCR increase of June 10 the RB could have decided to raise the cash rate 0.5% on July 29 rather than just the 0.25% we expect in order to force us banks to raise our lending rates

Key Forecasts

- Tightening through to mid-2012.
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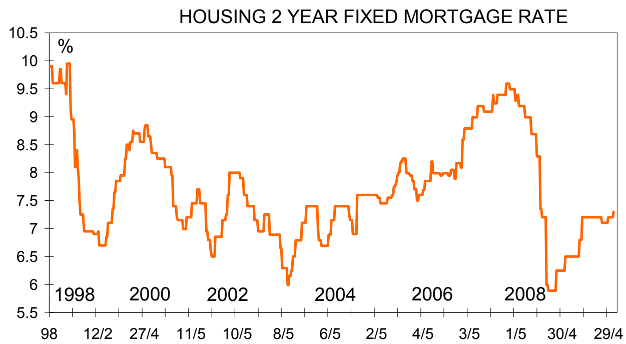
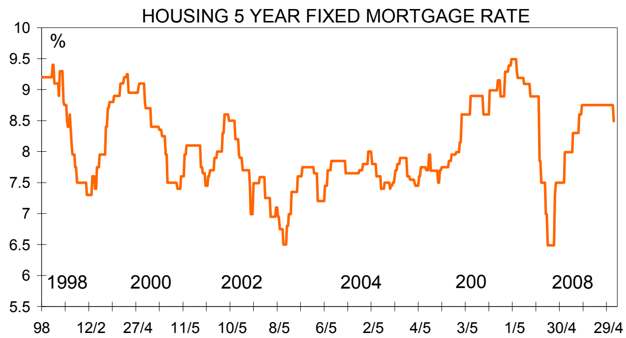
FINANCIAL MARKETS DATA

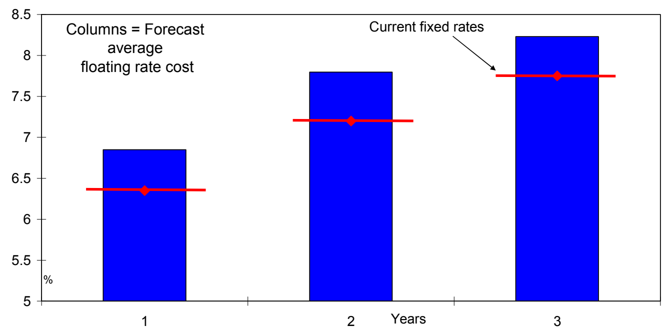
	This week	Week ago	4 wks ago	3 months ago	Yr ago	10 yr average
Official Cash Rate	2.75%	2.75	2.50	2.50	2.50	6.2
90-day bank bill	3.13%	3.14	2.92	2.65	2.84	6.5
1 year swap	3.80%	3.83	3.64	3.48	3.10	6.7
5 year swap	5.09%	5.13	5.25	5.29	5.46	7.0
180-day term depo	4.90%	4.80	4.80	4.90	3.15	6.0
Five year term depo	6.75%	6.75	6.75	6.75	6.00	6.5

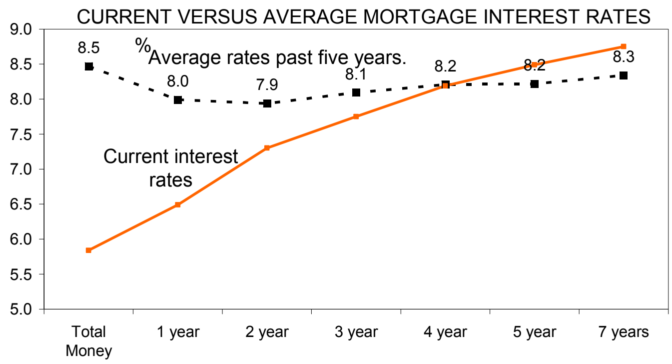
If I Were a Borrower What Would I Do?

I am still happy to take the risk the Reserve Bank tightens less rapidly than we are currently forecasting so I would stay floating at a pinch – though it is almost a 50:50 call and nothing one can do will prevent one's rate expense for the next three years being above current floating rates.



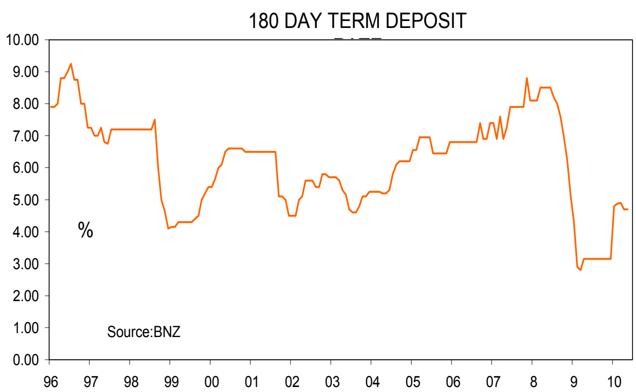


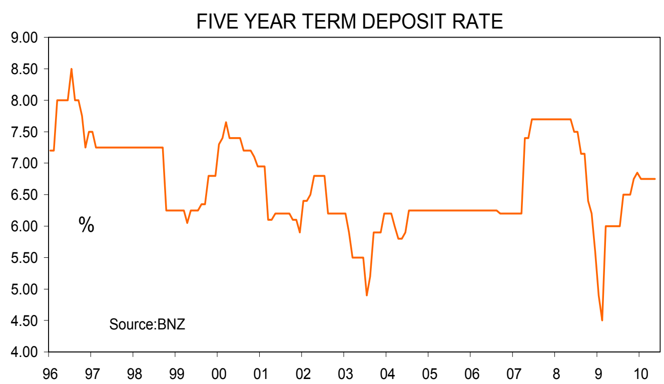




If I Were a Term Deposit Investor What Would I Do?

As with borrowing I am happy to stay short taking a punt that sacrificing some short term return by not going long (five years) I will get some better short term and then long term rates further down the track. But with some pushing back of expected rate rises in foreign economies – which influence our long term borrowing costs – and my view that the RB here may not tighten quite as rapidly as we expect, one could do a lot worse than simply taking the five year 6.75% rate on offer compared with 4.9% for 180 days.

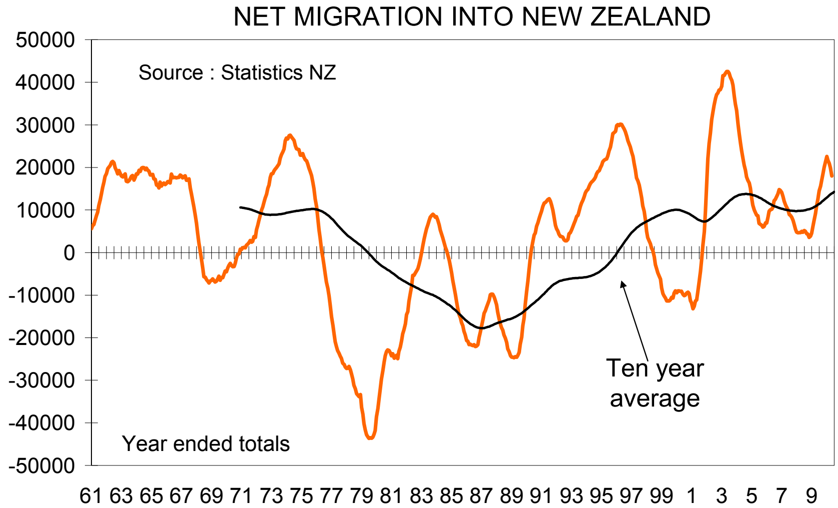




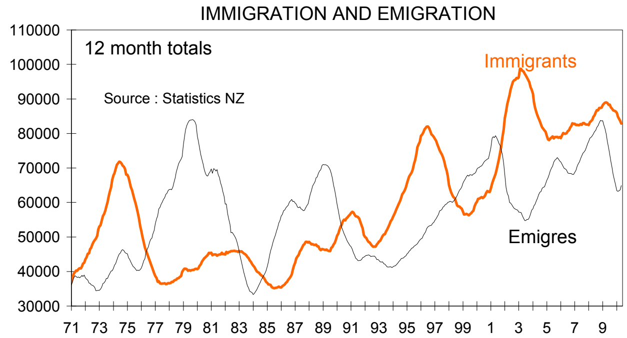
HOUSING MARKET UPDATE

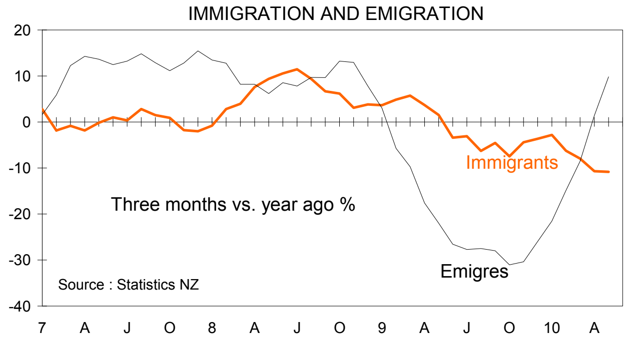
Migration Flows Turning On A Dime

One of the factors which will eventually contribute to better feelings of job security and higher wages but for the moment will restrain the housing recovery is a fairly rapid fall in the annual net migration gain. The gain has averaged 13,000 p.a. over the past decade and went from 3,500 in November 2008 to a peak near 23,000 in January this year courtesy not of more people coming here but a sharp drop in those of us leaving. In the year to January inflows were down 3.5% and outflows down 24.2%. But now those of us who stood pat last year waiting to see what would happen with the world are upping sticks and going.



In the year to May the net flow was 17,697 with numbers arriving in May down 13.3% from a year ago and numbers leaving up 24.1%. The annual average changes are now a 6.8% fall in those arriving and 16.5% fall in those leaving.

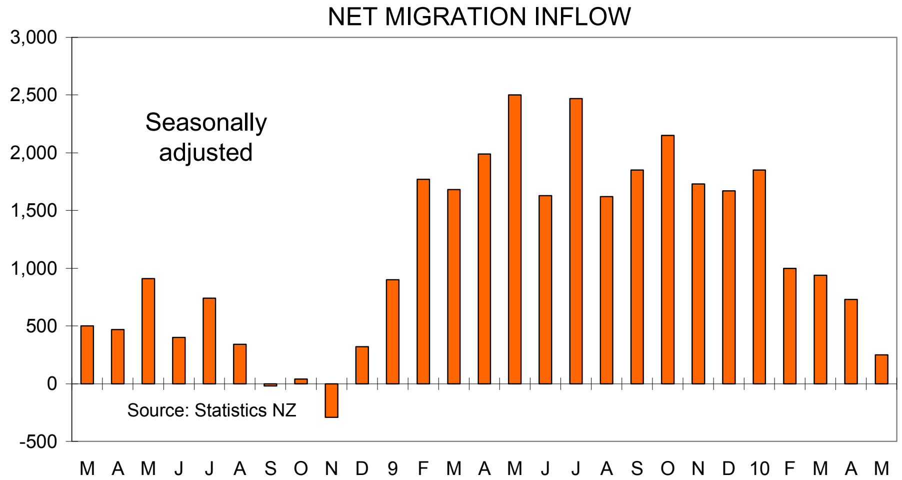




These numbers are turning very quickly and perhaps this is best seen in the monthly net migration flow calculation in seasonally adjusted terms. This flow was +2,500 at its peak in July last year. It was 1,850 in January, then 730 in April, but just 250 in May. The rate things are turning it could turn negative soon. In fact, being generous and extrapolating the last three months to an annual calculation we get a net gain of just 7,700. That obviously falls to 3,000 if we take May by itself and multiply by 12.

History shows that New Zealand's migration flows can turn on a dime and that is happening now, with outflows probably biased upward for the coming year as we get "normal" outflows boosted by "catch-up" outflows from those who delayed leaving last year to see what was happening around the world. Now those people see Australia growing strongly and are we believe choosing to leave.

Could the annual flow turn negative? Yes it could but probably not horribly so given the temporary boost from delayed outflows and the fact that surely there are increasing numbers of people in Europe and the UK who would like to escape their depressed economies and fiscal belt-tightening.



For the coming year however the worsening migration flows will act as a restraining factor on housing along with rising interest rates, but this won't completely offset the eventual mild upward pressure on prices we expect to come from a simple shortage of supply. Note though that this shortage will not exist in some parts of the country but is probably going to be most noticeable in Auckland.

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	0.712	0.697	0.678	0.706	0.639	0.566	0.592
NZD/AUD	0.814	0.810	0.815	0.769	0.804	0.773	0.856
NZD/JPY	64.00	63.60	61.10	63.70	60.8	56.8	66.8
NZD/GBP	0.475	0.474	0.468	0.468	0.388	0.371	0.345
NZD/EUR	0.577	0.567	0.540	0.522	0.454	0.427	0.51
USD/JPY	89.89	91.25	90.12	90.23	95.15	100.5	113.9
USD/GBP	1.499	1.470	1.449	1.509	1.647	1.52	1.709
USD/EUR	1.234	1.229	1.256	1.352	1.407	1.327	1.156
AUD/USD	0.875	0.860	0.832	0.918	0.795	0.732	0.69

NZD Near 71 cents

The big news in FX markets for the week was the announcement over the weekend by the People's Bank of China that they would reform the exchange rate management regime for the renmimbi and allow greater flexibility. Basically this means they will be prepared to see it rise and this is viewed as a positive thing in many regards. First it will help deliver a higher standard of living to Chinese people as imports become a tad cheaper – including overseas travel. Second it will help take some of the steam out of the Chinese economy and reduce the need (very marginally) for higher interest rates and lending controls in order to stem strong growth which is starting to produce worrying inflationary pressures not just in property but on a wider basis.

Third it takes some heat out of international politics where the Americans and others have long been lobbying the Chinese to allow their currency to appreciate in response to large current account surpluses.

Realistically however the changes in the price of the Chinese currency are likely to be relatively small and amount to only a few percent over the coming year. For NZ importers of Chinese goods a more important factor affecting prices is likely to be the increasing rate of gain in Chinese wages caused by rising industrial tensions "permitted" perhaps by a regime which knows people feel the time is right for a greater payoff for economic reform than just a job in a smelly factory. Higher incomes are being demanded and this is so positive for the likes of ourselves it is hard to overstate.

As Chinese incomes rise people will buy more consumer electronics, better housing, travel more and of course eat more including more protein. We supply protein, forest products, and a good tourism destination. This is why a good trade relationship between NZ is vital and why many commentators focussed either on the internal politics of China (rough as they are) and the risk of over-dependency upon Chinese trade are missing the point.

Back in the early to mid-1970s there is nothing the country wanted more than the old post-colonial dependence upon the UK market to return after the UK joined the Common Market in 1973. Losing that market set New Zealand on a road of disastrous rigid "borrow and hope" economic policies that produced our permanent slippage in income per capita compared with Australia in particular. Up to then we were keeping up. Cosying up with China is fairly much our only chance of getting back up the relative income ladder and that brings policy implications if we are to maximise this step-change opportunity.

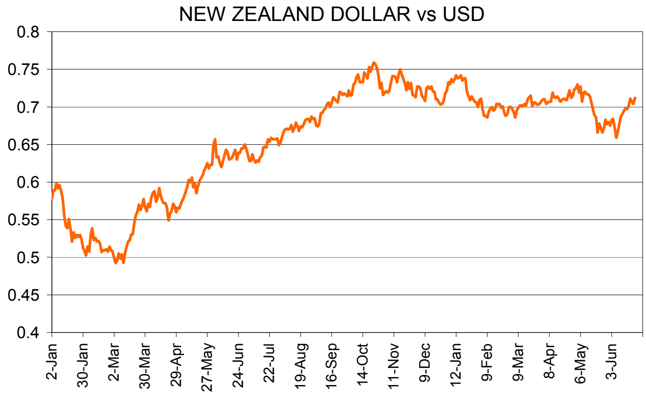
In particular dairying is at the forefront of the growing trade relationship with China – along with forestry. What we are going to see in NZ is an increasing proportion of our resources – land, capital, people – going into the dairying sector. That means increasing irrigation along with efforts to mitigate the environmental consequences as best as possible with possibly complete stoppage of dairy developments in some areas if mitigation is not possible. It means not just dairy conversions (which are picking up again we hear) but increased switching of non-dairy properties to dairy support – wintering cows, supplementary food production and so on.

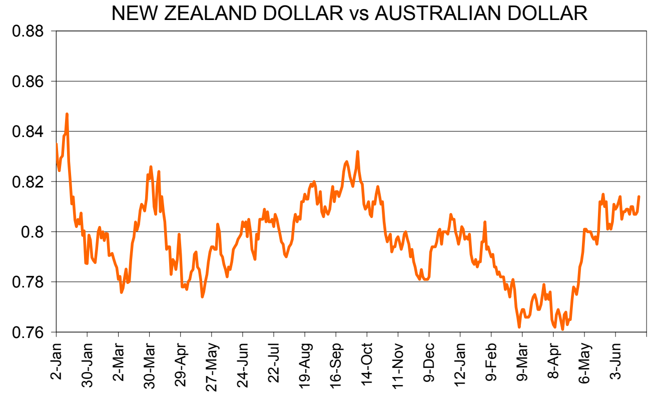
The growth in China however also means keeping an eye on things the consumers will be looking to buy but which they may not have done in the past. That is, opportunities for manufacturing may open up as the Chinese cost base increases.

Frankly, a Kiwi businessperson could do a lot worse than in about two weeks time joining the Prime Minister's trip to Shanghai to check out what is happening in this very important market.

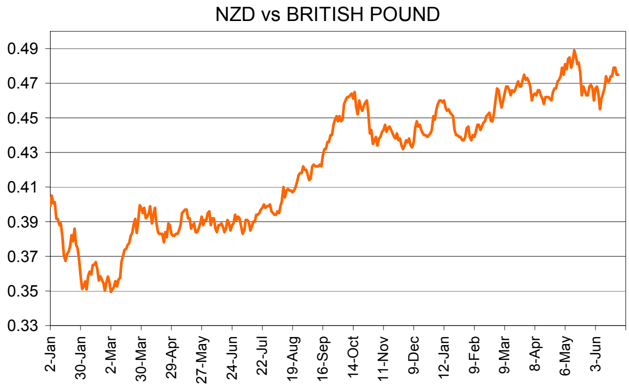
Anyway, and again noting that the Chinese internal politics are rough and that dairying expansion brings important environmental considerations, the Chinese growth is probably the best opportunity for our economy to develop a more sustained economic base since the reforms of 1984-92.

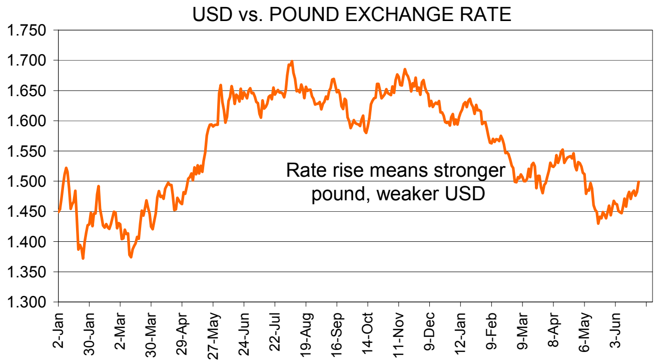
Back to the currencies then. Because an appreciating RMB will boost import demand this is seen as positive for both the Aussie dollar and our currency, hence some upward movement for both of us this week. The NZD also received a small bit of support from marginally better than expected current account deficit numbers yesterday, though this mornings economic growth numbers had no lasting impact. The NZD this afternoon is near US71.2 cents from 70.4 cents last week. Against the Aussie dollar we are at a three week high of 81.4 from 81 cents last week with some assistance upward today by AUD selling ahead of the news that Kevin Rudd would be challenged for leadership of the Labour Party – and he has subsequently stood down.





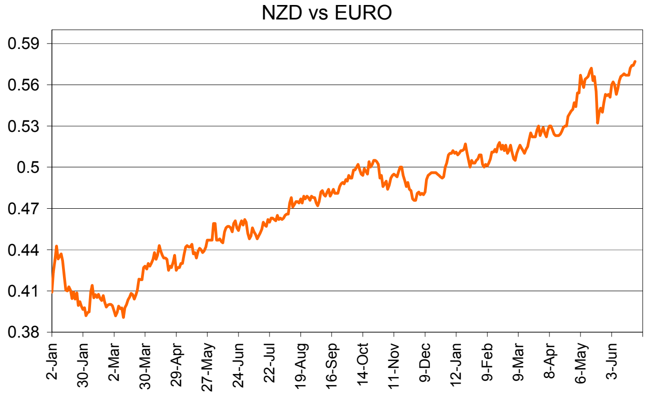
Against the British Pound we have ended the week unchanged from last week at 47.4 pence with the Pound itself gaining some slight ground against the greenback in response to the quite tough Budget read out on Tuesday night. Stringent measures are intended to reduce the budget deficit to 2.1% of GDP come 2014 from around 11% this year. The measures include an increase in VAT to 20% from 17.5%, a 25% cut in some public spending over four years, a rise in capital gains tax for upper income earners from 18% to 25%, and a £2bn levy on banks.

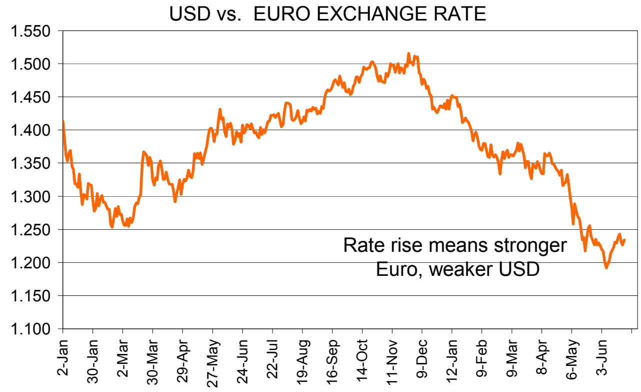




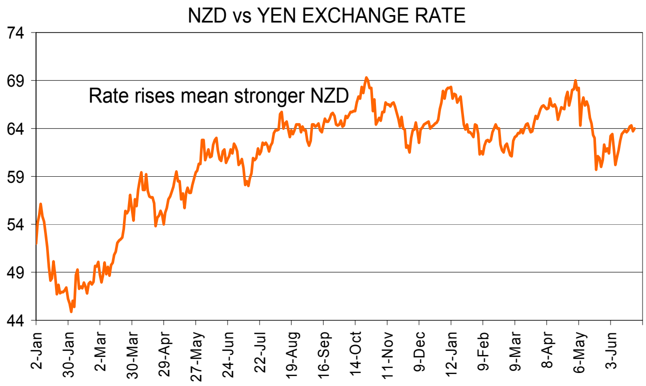
Against the Euro the NZD has ended near 57.7 centimes from 56.7. In Europe for the moment the benefit of the doubt continues to be given to the government debt situation being under control. But this still has the feeling of a lull before the storm and during the week one senior ECB person noted that banks are facing funding pressures. So far the ECB has bought about €50bn worth of government debt – mostly Greek – and apparently the Germans are a tad upset that the French banks have been taking advantage of the ECB's willingness to support the debt market by offloading their holdings in the face of a gentleman's' agreement with German banks not to do so. The German and French banks are the big holders of this debt and it is concern about the impact on their balance sheets and liquidity reserves of a Greek or Spanish debt default which occupies the minds of policy-makers and the markets.

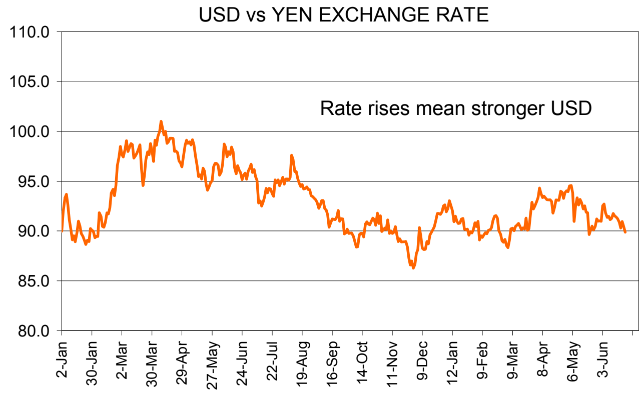
In fact on Tuesday night we learnt that French bank Credit Agricole would write down some €400mn of its Greek debt exposure, one of the credit rating agencies Fitch downgraded BNP Paribas, and Standard and Poors raised their estimates of losses for Spanish banks.





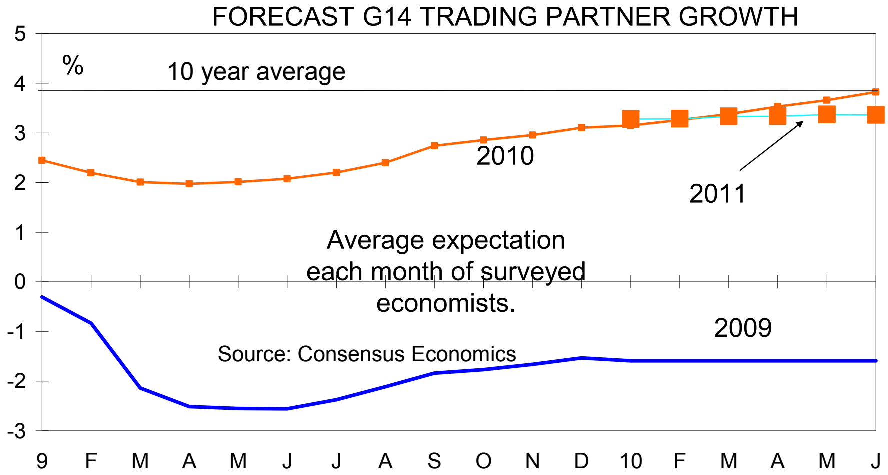
Against the Japanese Yen the NZD has ended near 64 from 63.6 and we continue to wonder when the markets will turn their attention to the appalling fiscal situation in Japan.





With regard to the US dollar itself some of the recent strength was called into question overnight following the publication of yet another set of numbers on the housing market which were worse than expected. Analysts are starting to use less and less frequently the term "self-sustaining" when describing the recovery in the US economy, and forecasts for when the Federal Reserve will start tightening monetary policy have largely been pushed out to 2011 with more and more talk now of no rate rises until 2012.

Just for your guide, on average over 2010 our top 14 export destinations are picked to grow by 3.8% with growth of 3.4% then picked for 2011. The 2011 expectation was unchanged from the May Consensus Economics survey of economists around the world and as the graph below shows this expectation has been relatively constant in fact since the start of the year. For this year however there has been a steady line of increases in average forecasts starting from 3.1% in January – or 2% if we go back to the April 2009 survey for this year. Shrinkage in our trading partners was about 1.6% over 2008 though for a while in mid-2009 shrinkage of 2.6% had been expected.



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	0.4%	-0.2	2.0	3.0	3.4
GDP growth	Average past 10 years = 3.0%	+0.6	0.9	-0.4	-1.4	2.8
Unemployment rate	Average past 10 years = 5.3%	6.0	7.1	......	5.1	3.9
Jobs growth	Average past 10 years = 1.9%	1.0	0.0	-0.1	0.7	-0.3
Current a/c deficit	Average past 10 years = 5.5% of GDP	2.9	3.2	......	8.7	8.0
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 = 3.8%.	1.3	0.7	1.3	-0.6	2.8
House Prices	REINZ Stratified Index	-1.3	2.8	6.4	-7.4	2.9
Net migration gain	Av. gain past 10 years = 11,700	+17,967	21,618yr	......	11,202	4,938
Tourism – an. av grth	10 year average growth = 5.0%. Stats NZ	3.1	2.4	3.1	-2.6	1.3
		Latest year rate	Prev mth year rate	6 mths ago	Year ago	2 yrs ago
Consumer conf.	10 year average = 2%. Colmar survey	46	36	57	3	-34
Business activity exps	10 year average = 26%. NBNZ	43	39	31	-4	-4
Household debt	10 year average growth = 11.3%. RBNZ	2.8	2.7	2.7	2.8	10.9
Dwelling sales	10 year average growth = 3.5%. REINZ	-17.8	-16.2	41.5	43.9	-45.5
Floating Mort. Rate	(Total Money) 10 year average = 7.6%*	5.59	5.59	5.99	6.25	9.99
3 yr fixed hsg rate	10 year average = 7.9%	7.75	7.95	7.75	6.75	9.49

ECONOMIC FORECASTS

Forecasts at May 20 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	0.5	2.8	1.9	3.9	-0.3	-0.6	2.8	2
Government Consumption	4.9	4.2	0.8	2.2	2	4.4	4.8	1.4	1.8	2.1
Investment	5.5	-7.2	-9.9	5.8	8.9	5.5	-3.6	-12.3	2.6	9.5
GNE	4.6	-1.6	-3.3	5.4	3.2	4.6	0.4	-5.1	4.9	3.4
Exports	3.1	-3.4	2.5	1.6	5	3.8	-1.4	0	1.5	4.8
Imports	10	-4.7	-9.9	7.9	4.7	8.9	1.9	-14.9	7.9	4.6
GDP	2.9	-1.4	-0.3	3.6	3.2	2.8	-0.2	-1.6	3.1	3.5
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	1.8	3.6	4	5	3.1	0.8	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	0.46	0.4	0.38	0.37	0.44	0.49	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	70.7	66.1	71.6	55.1	64.7	71.3	67.2
Official Cash Rate	8.25	3	2.32	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	4.07	6.07
10 year Govt. Bond	6.36	4.77	5.86	6.3	7	6.4	4.88	6.02	6.1	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