BNZ Weekly Overview

1 October 2009

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.

Monthly Survey

It is the first Thursday of the month again, so if you have not already done so in the email used to send the WO out, please click on the URL below and let us know if you believe the economy will get better or worse over the coming year. Perhaps more importantly, if time permits let us know what conditions are like in your industry at the moment specifying what the industry is. Many thanks to those who have contributed in the past.

http://survey.usuite.com/survey/7f801dd05f3742619b046cc119c15106.sur

New Zealand has been sliding back down the OECD ladder of income per capita over the past few years and there is no way one can reasonably expect we will be going back up again over the coming decade – unless other economies crash more than they have recently.

New Zealand's big failure is not the trend in Rugby World Cup performances, or our soccer and rugby league participation in Aussie competitions – it is our inability to grow exports as a proportion of our economy. Back in the early 1970s exports made up about 28% of our GDP. While other small trading economies have seen their ratios double since then our ratio is essentially unchanged. And after years of regulation then deregulation we are more dependent upon exports from the primary sector than before.

The result of failing to substantially grow exports while wanting to consume the world's lovely consumer products is a persistently high current account deficit which has averaged 5.1% of GDP since the NZD was floated in 1985. As a result our net investment position with the rest of the world is about -$176b or just below 100% of GDP.

There is research evidence which suggests country's make their best productivity gains in export sectors because that is where competition tends to be the strongest. And it is productivity gains which ultimately deliver higher per capita incomes – along with investment in the capital base if one concentrates on labour productivity. So why have we failed at building our exports?

The research in this area has failed to produce an obvious easy answer, and most definitely has not been able to pinpoint an easy way to resolve the problem. Candidates for restraining our export performance include the following.

A small domestic market with only 4.3 million people. This small population stretched over a large area means high infrastructure costs for individual businesses and also the government – consider the railway system for instance and the electricity distribution costs. A small market means ability for businesses to experiment with their products and develop them is limited. In particular a small home base means companies face having to expand through exporting relatively early in their life cycle compared with similar businesses in other countries. That means extra costs early on which can ultimately deter expanding into exports.

We are also a long way from other countries so the natural interchange of ideas is more limited than overseas. Our culture also appears to be one more focussed on societal inclusion than respect for entrepreneurial flair and risk taking. Bankruptcy is viewed as a failure legislation should prevent those affected from risking again while in some other countries bankruptcy seven times and making $100mn on the eighth try is considered a success.

The exchange rate probably plays a role. Theory says that the NZD should be a lot lower than it is now in order to stem the persistent trade deficits and reflect the ongoing interest rate differential between NZ and offshore – the interest rate parity theorem. But while traditional theory says the current account will ultimately drive a currency, in reality it is the capital account part of the overall balance of payments which matters. This is the account capturing flows of borrowed and invested funds in and out of the country.

NZ is able to run persistent current account deficits without the NZD trending down because apart from a few weeks after the Lehman's collapse last year and maybe briefly after the DFC episode many years ago we are generally considered a good – though risky/volatile - investment offshore.

Investors look at NZ and see a country with English as the main language, no history of government debt default, one of the first independent central banks with an explicit inflation target, good government accounts with 15 years of fiscal surpluses just recorded, a well run banking system that now stands head and shoulders above the mess in non-Australasian parts of the world, no controls on foreign currency movements, and a well deregulated economy.

Generally we have no trouble finding investors offshore willing to lend to us – and they are happy to do so because we Kiwis are so willing to pay them compensation for the volatility in our currency through higher interest rates.

For some reason we Kiwis are more tolerant of high interest rates than people in other countries. We will keep borrowing to buy each other's houses and more TVs etc until floating mortgage rates reach 10.5% and fixed rates go above 9%. In most other countries such rates would cause deep recessions. The question then is why are we so willing to pay high interest rates? Is it because we have all been on Outward Bound and decided to live for today? Is it because we see little point in cutting spending – which means raising savings – because the government is expected to provide for us? That means not just pension provision but health, education, and tiding us through periods of unemployment.

Frankly the answer is not clear, but what it means is that offshore investors get good returns from lending money to NZ banks to lend to Kiwis and the currency does not trend down over time to offset interest rate differentials.

So, can we help our exporters by somehow forcing Kiwis to save more? Lets me clear here. Saving more means spending less. It means not just telling young people they should save for a home like we did and refrain from getting lots of consumer goods like we may already have – we older folk would also need to cut back on our upgrading of appliances, offshore travel, dining out, new car when we retire, holiday homes and so on.

Frankly there is no indication that we are prepared to engage in such sacrifice. In particular, perhaps because the impact on our personal finances of the global financial collapse has been so limited we have not just been shocked into radically changing our spending behaviour. Housing market collapse – not here! Share price collapse – who cares? We hold very few shares anyway.

Could we be forced to save? No for two obvious reasons. First, if we were forced to save but still wanted to spend it would be an easy matter to simply borrow more money at the same time as our compulsory savings were going up. Second, we don't seem to favour forced saving, and if it were introduced we would almost certainly do what we have done in the past when we feel things are going the wrong way in NZ – we leave. We are a highly migratory people and will at the drop of a hat bludge off our cuzzies across the ditch for a while if we need to escape. This migration safety valve is a clear limitation on the ability of the NZ government to make radical policy changes.

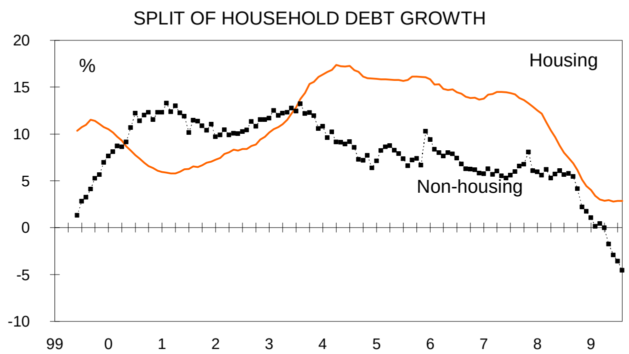
So where are we left? Pretty much with exactly the unfortunate situation being played out right now. While exporters struggle against a high and upwardly drifting NZ dollar we consumers are back again buying each other's houses. The economy's growth rate will move toward 3% in the next 18 months with a few exporters joining in – manufacturers sending goods to Australia – but the bulk of growth being domestic. The current account deficit will initially improve then deteriorate again, and through it all the NZD will be as volatile as ever but probably still drift higher from current levels.

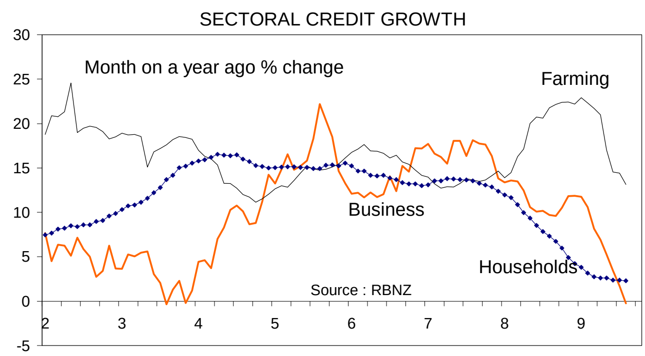
One day, as we have noted before, foreign investors in NZ and lenders to NZ financial institutions will become concerned about our economy's growing indebtedness and lack of long term export sector growth. They will probably not repeat what happened after the Lehman's collapse last year – not lend at all for many weeks. But they will demand extra compensation for their concern about a currency correction. This will mean they will lend to us not at a rate of US 72 cents but something considerably lower. And maybe Japanese investors will want to pay only 30 Yen to buy one Kiwi dollar rather than the current 64 rate. They will also want higher interest rates.

The result will be a structural fall in the NZD and better trend growth in exports. But there will also be hikes in borrowing costs which will produce a domestic recession that will be worsened as net migration outflows increase. There is no way of knowing when this adjustment will come. Our best guess is sometime in the next five decades.

INTEREST RATES

If interest rates are heavily influenced by the potential inflationary impact of rapidly expanding credit – then there is little reason for worrying about further interest rate rises in the near future. This week the Reserve Bank released collated monthly numbers on bank lending and showed that the annual rate of growth in lending to the household sector remains very low at just 2.3% in August from 2.4% in July. In the three months to August household debt grew by just $786m. A year ago over the same period growth was $1.3b, two years ago $4.2b, three years ago $3.9b. In fact this is the weakest amount of debt growth for this period of time since 1998 – when average house prices were about half what they are now.

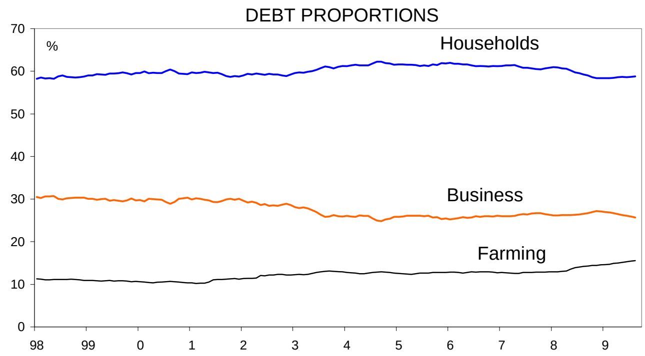


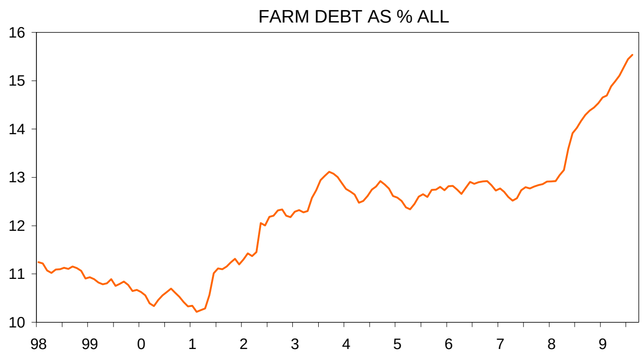


The level of lending for housing in August was 2.9% ahead of a year earlier while non-housing lending was down 4.6% with consumers pulling in their horns with regard to retail spending.

Debt growth is even slower in the business sector. The annual rate of business debt growth was -0.3% in August from 1.7% in July and 9.7% a year ago. Over the past three months business debt has fallen by $1.6b. A year ago over the same period of time it grew by $2.6b, two years ago $2.9b, and three years ago $2.4b. Businesses are wary of borrowing to finance expansion – and credit availability is not what it was previously as well.

And one would think that in the farming sector where farm sales are running 65% down from a year earlier and tractor registrations 28%, with major worries about the high NZD, there would also be falling indebtedness – but there isn't. Farm debt in August was ahead 13.1% from a year ago. Over the three months to August farm debt grew by $1.4b compared with $2.6b at the same time a year ago, $1.6b two years ago, and $1.2b three years ago.

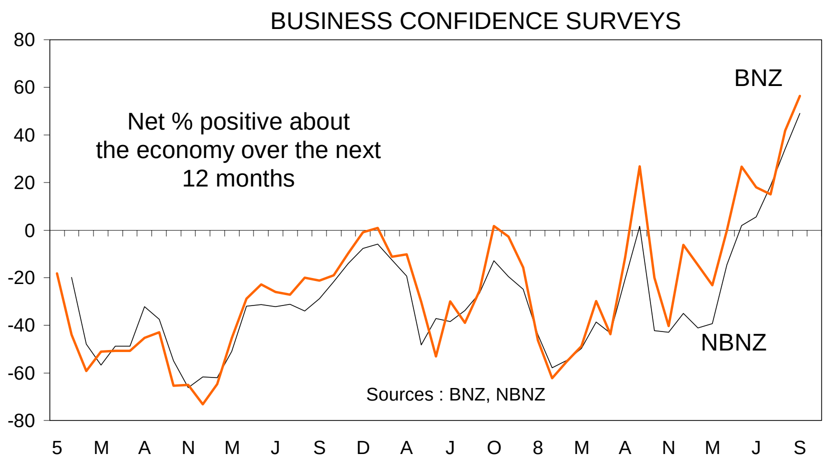




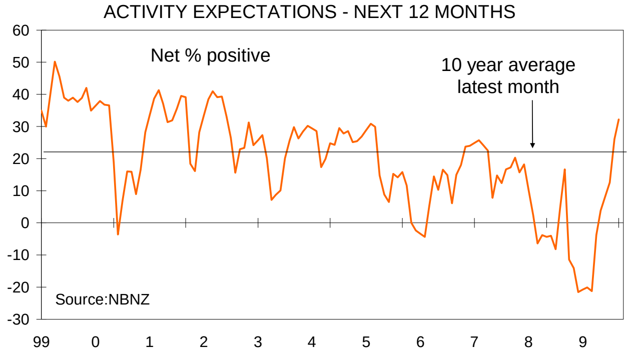
Clearly something is not right with regard to this still soaring level of farm debt and it is understandable that the Reserve Bank has expressed concern about the level and growth of farm debt in New Zealand and advised banks to set aside reserves for possible future losses. Discussions are also underway regarding banks putting aside more capital specifically for farm lending.

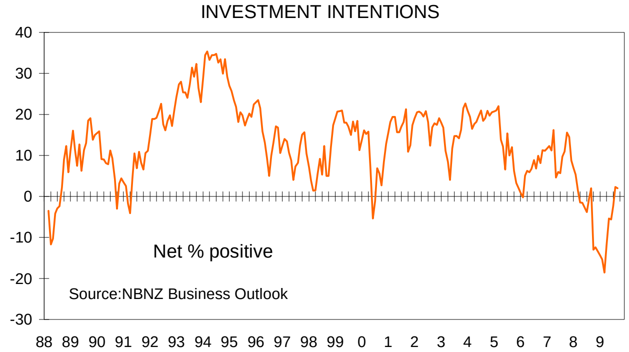
Clearly a lot of the farm debt growth is cash flow financing rather than money being advanced for fresh expansion – which is probably even more worrying. This is not an export led upturn underway in NZ, and one wonders exactly what the implications are for farmland prices of this situation plus the high debt.

But, while business debt growth may be negative for the moment, there are indications that growth will emerge within a few months going by what we see in business sentiment surveys. Yesterday the NBNZ Business Outlook survey which includes responses from early this month showed a jump in business year ahead activity expectations to a seven year high of a net 32% positive from 26% in August and 21% negative back in March. The jump in activity expectations will have come as no surprise to those who receive the results of our monthly survey which basically says what the NBNZ headline confidence number will be when they release their survey about three weeks after ours.

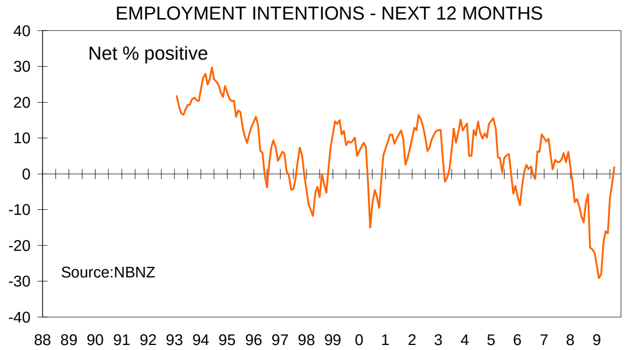


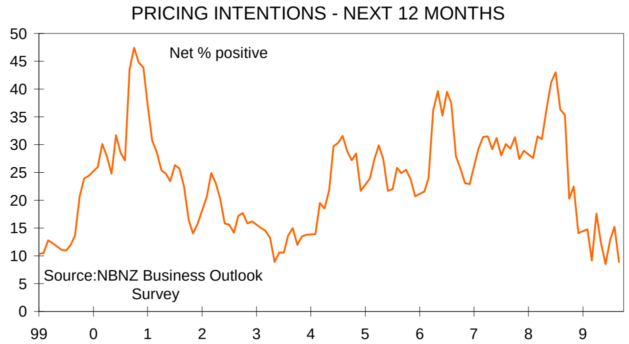
The average September month activity expectations reading for the past ten years has been 22% therefore the result easily bespeaks of a return to average NZ growth of about 3%.





With regard to individual sectors retailing is about average, manufacturing well above at 36% versus 19% average, construction soaring at 45% versus 7% average, services firm at 36% versus 24%, and farmers only just below average at 23% versus 26%.



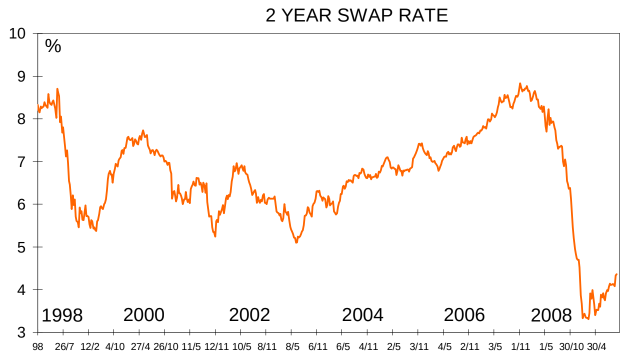


A net 2% of respondents plan boosting capital spending which is the same as August and below the 11% average. Therefore no capital spending boom lies ahead. But employment intentions have moved back into positive territory for the first time since December 2007 at +2% from -28% in March. The average reading is +4% therefore this supports our warnings that the labour market is probably not going to be as weak as people have been thinking in the coming year and therefore the unemployment rate won't climb maybe to the 7.5% commonly expected.

If so then that implies a bit of extra wages growth – but not really until 2011 given the long lagged relationship between the labour market tightening up and a wages response.

In fact the inflation outlook for the next couple of years continues to look very benign and that is why we said some weeks ago that the interesting things with regard to movements in NZ wholesale and retail interest rates have already happened. Further upward movements in rates will be quite limited and the next decent shift is likely to be the start of the monetary policy tightening cycle in July next year at the latest. Before then fixed rates are likely to only slowly creep higher with the yield curve slowly flattening from six months out.

Speaking of which, with the business survey results clearly implying improving economic activity we have seen wholesale interest rates firm over the week. The two year swap rate has moved up to 4.36% from 4.33% last week and 4.13% a month ago. This is the highest rate since The first week of January. The five year swap rate has stayed steady at 5.57% but was 5.43% a month ago and this is the highest rate since November last year. Yields on 90-day bank bills have stayed near 2.8%.



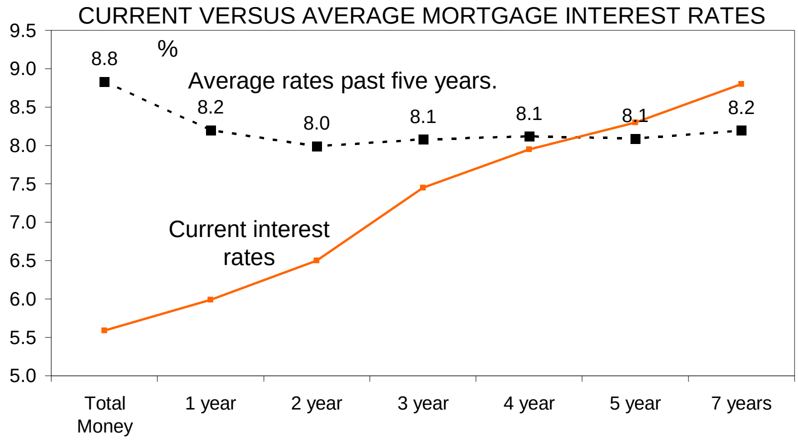
Key Forecasts

- No more monetary policy easing this cycle.
- Medium to long term housing rates have seen their multi-year lows – stop-start rises now lie ahead. Speed unclear.

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	8.00	6.2
90-day bank bill	2.83%	2.79	2.79	2.84	7.95	6.5
10 year govt. bond	5.59%	5.67	5.77	5.97	5.83	6.2
1 year swap	3.37%	3.32	3.14	3.01	7.68	6.7
5 year swap	5.57%	5.57	5.43	5.32	7.13	7.0

If I Were a Borrower What Would I Do?

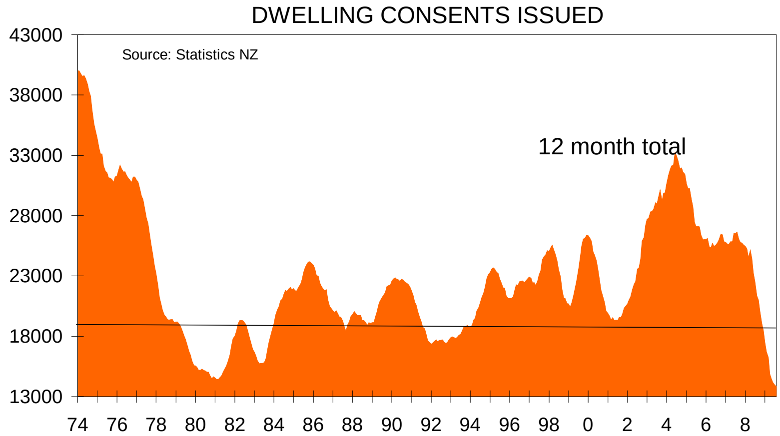
We have written extensively in this section in recent weeks and months and there is little new to say. If you haven't fixed long term by now you have missed the boat for locking in a nice below average rate. One and two year housing fixed rates are still below average. But floating looks likely to end up cheaper than fixing one year and the average end result could be the same for fixing two years versus floating as well. One may as well just float now and get principal down as rapidly as possible.



HOUSING MARKET UPDATE

Supply Growth Will Be Restrained

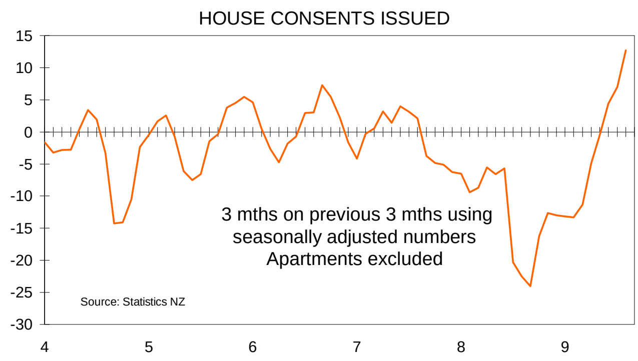
There is still no sign that new housing supply is going to be aggressively rising in the near future – though that comment is only accurate if one includes apartments in housing. The total number of consents issued for the construction of new dwellings rose by 1.7% in August though fell by a small 1.1% in the three months to August compared with three months to May.

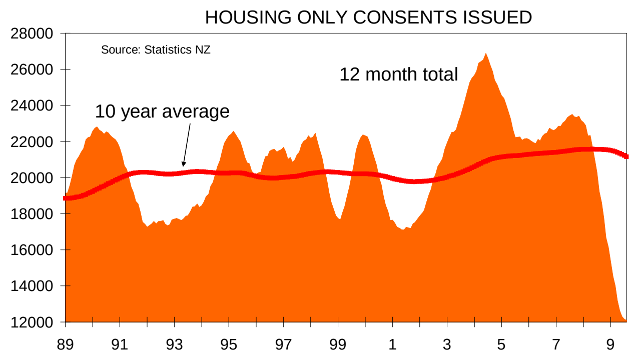


In the year to August consent numbers were at a four decade low of 13,821 from 13,954 in July, 21,356 a year ago, and an average of 25,000 over the past ten years. Not enough dwellings are being built to accommodate the country's rising population and the implications for prices and eventually rents are very obvious. In a way those who claim house prices must fall are using analysis akin to saying oil prices versus average world income are well above long term trends therefore oil prices must fall. But growth in oil demand is outstripping supply therefore prices rise and they stay up.

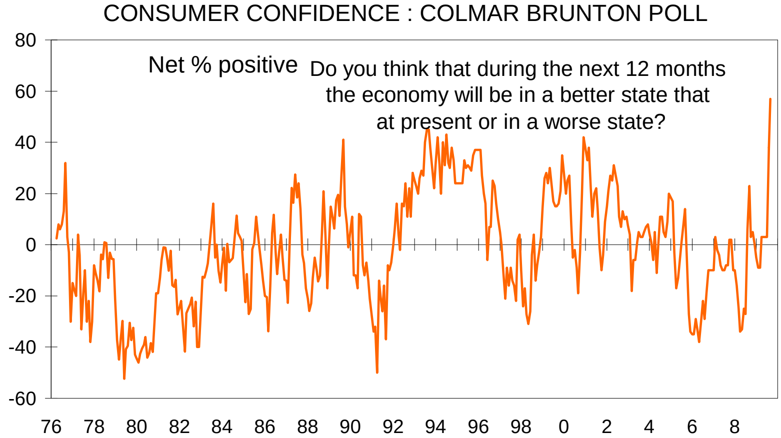
So too for housing is demand outstripping supply so referral to fair value measures based on now irrelevant times in the past give misleading insight into where prices will go.

While total dwelling consent numbers have fallen 1.1% in seasonally adjusted terms over the past three months house only consent numbers have firmed by 12.7% with a 2.9% gain in August. The weakness therefore is for apartments where only 30 consents were issued in August compared with 124 a year ago. The annual number of apartment consents now sits at 1,714 which is a 19% fall from the year to August 2008 and the lowest annual total since June 1997. They peaked at 5,969 in the year to June 2003.





One interesting piece of news this week was the irregular TVNZ Colmar Brunton organised poll of consumers which showed a net 57% feel confident about the economy over the coming year. This is up from a net 38% in August, 9% net pessimistic six months ago, and is the strongest reading on record.

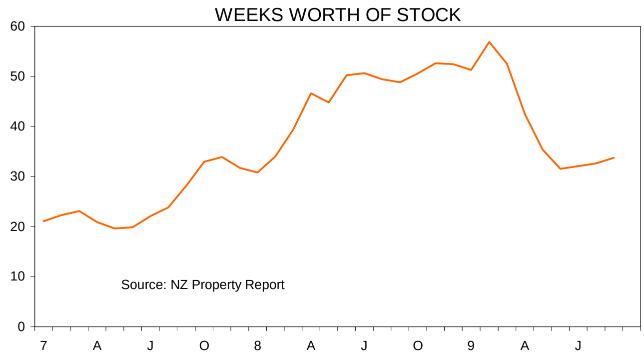


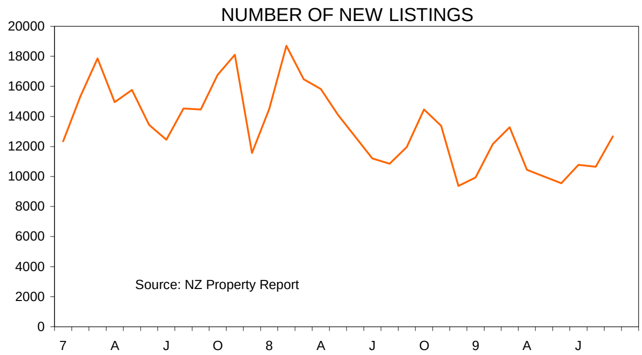
If one were to blindly extrapolate the reading one would forecast booming retail spending and house prices – along with eventually soaring interest rates. But as we have been pointing out for some months now, we believe there is a strong upward bias to sentiment survey results as people let out a large sign of relief that we are not entering a new depression, and express the view that the only way to go from recently very scary times is upward.

So the results certainly add to the case for firming housing market activity and improving retailing – but not a boom.

No Obvious Spring Listings Boom

So far there is little sign that the rise in prices since early this year has brought a Spring surge of vendors. The monthly report from www.realestate.co.nz has found that the stock of listings at the end of September stood at 46,479 which was a small 6% gain from a year ago. The gain from August was just 433 dwellings. A year ago the change was a fall of 1,176 and two years ago a rise of 1,533. We don't have enough data to know whether the 433 rise is unusual or not but on the face of it the gain seems small – and certainly too small for those arguing there are thousands of vendors just waiting to dump their properties.





One emailer this week noted the following.

"I too follow the vacancy rates for all regions and Wellington suburbs but more quantitatively than your Nelson correspondent. The view from Nelson is not quite as your correspondent would suggest over the last 12 months, the numbers are as much lower as reported, but only after the peak in Winter (is this seasonal?). The far more interesting comparison is Auckland, which twelve months ago was extremely high at 4.5% of rental properties being advertised on Trademe, but is now plunging towards the magic 3% figure - a point where it is considered supply equals demand. The opposite change in Otago may be normal seasonal activity.

I invest in Wellington and we have noticed a tough market for raising rents, but no problem in attracting new tenants, as would be expected from the stats below. On a suburban basis for Wellington, big changes like Auckland are happening in Kapiti, but all other suburbs are holding the same."

Another noted the following.

'To confirm comments in your last column that I have just read. We are a Property Management company on the North Shore of Auckland with a large residential portfolio of rentals (approx 120 tenancies family housing) & student housing (approx 350 tenancies). We concur with your Nelson PM comments. I check Trademe adds daily for the North Shore, these have dropped from July approx 770 listings down to today of approx 569, we our selves had 8 available last week with all let by today. The student stock is the highest occupancy level approx 95% for several years.

We are short of listings this is exacerbated with current market upswing as several of our investors have seen this as opportunity to exit market. When they sell it to a family purchaser not another investor.

I think we are in for strong rental growth over next 2 years as not only is there no new stock coming to market for returning NZers and new immigrants, but I feel many younger age group people will also once job security increases move out from being with Mum & Dad and back into the rental market. This seems to be most felt in area's like Nelson and the North Shore where land values are highest as percentage of value than other areas of the country.

The RMA and Building Consent process is as mentioned in your column is acting as massive disincentive for investment in rental housing coupled with absolutely no appetite from banks and no new mezzanine funding coming into replacing the finance company market it adds up to firming house prices and adjustment in rent levels as per 2002-6.'

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..
- Real estate sales continuing to increase but the rise limited by listings shortages.
- House prices edging higher.

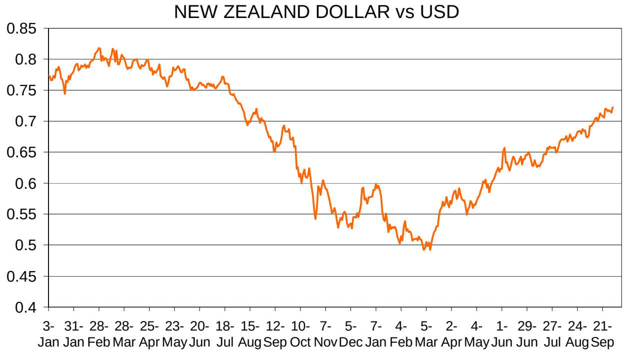
Exchange Rates & Foreign Economies

Exchange Rates	This Week	Week ago	4 wks ago	3 mths ago	Yr ago	Consensus Frcsts yr ago	10 yr average
NZD/USD	0.722	0.719	0.685	0.645	0.670	0.77	0.592
NZD/AUD	0.818	0.827	0.812	0.800	0.845	112	0.856
NZD/JPY	64.800	65.600	63.800	62.100	71.200	1.46	66.8
NZD/GBP	0.451	0.440	0.420	0.392	0.375	0.88	0.345
NZD/EUR	0.494	0.488	0.478	0.460	0.475	0.38	0.51
USD/JPY	89.751	91.238	93.139	96.279	106.269	0.53	113.9
USD/GBP	1.601	1.634	1.631	1.645	1.787	86.3	1.709
USD/EUR	1.462	1.473	1.433	1.402	1.411	71.6	1.156
AUD/USD	0.883	0.869	0.844	0.806	0.793	8.25	0.69

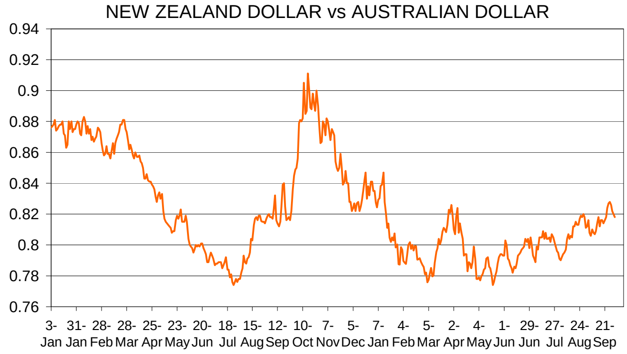
NZD Still Well Supported

A week ago the Kiwi dollar bought US 71.9 cents and this afternoon it was still buying close to that near 72.2 cents. There was a mild bout of weakness early in the week associated with a small retracement in the US sharemarket and therefore reduced demand for risky assets. But that proved short-lived, and with help from strong business sentiment data yesterday the Kiwi dollar has easily held its ground.

NEW ZEALAND DOLLAR vs USD

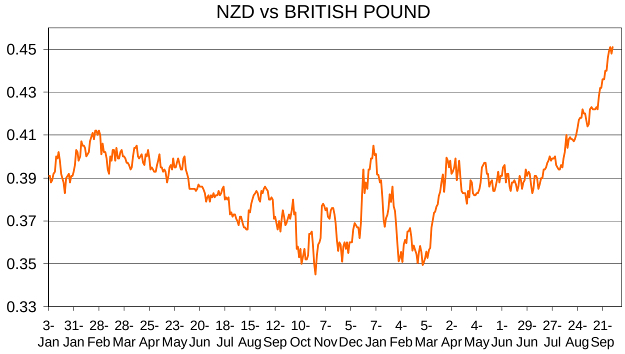


NEW ZEALAND DOLLAR vs AUSTRALIAN DOLLAR

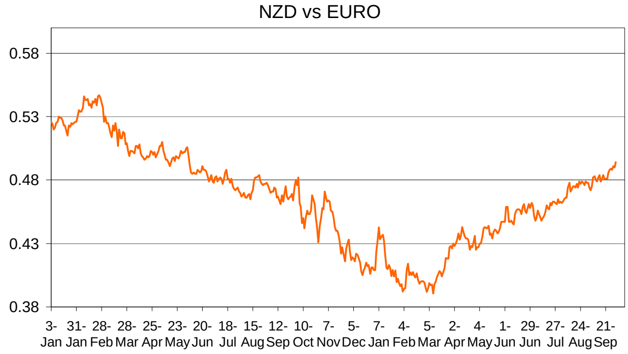


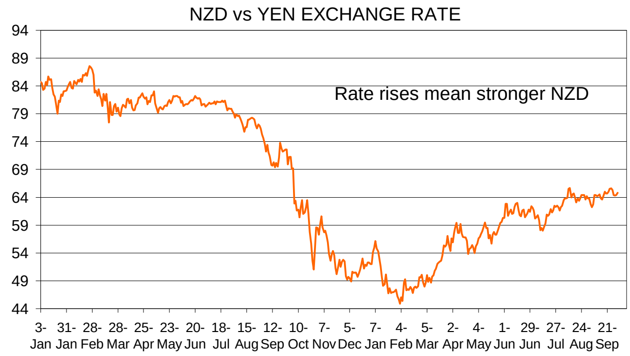
Against the AUD however the currency has managed to ease a tad lower to sit near 81.8 cents from 82.4. This mainly reflects continued strong global demand for the Aussie dollar with the RBA expected to raise its official cash rate in four weeks time. On the other crosses the most notable development for the NZD has been rising to the highest level against the British pound since 1984 with a rate above 45 pence.

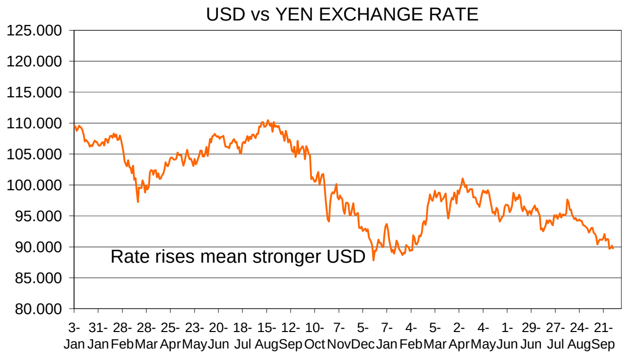
NZD vs BRITISH POUND



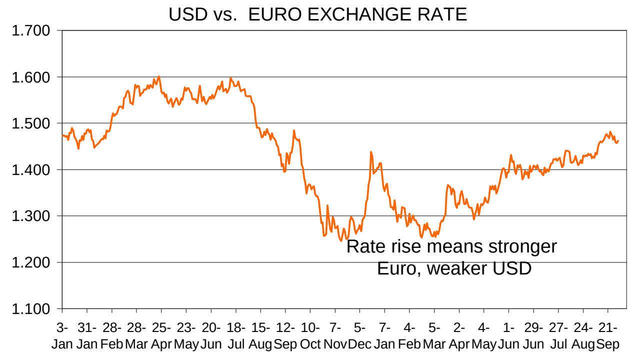
NZD vs EURO

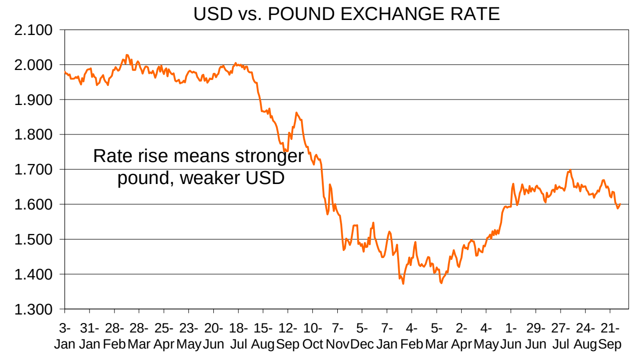






The UK economy's prospects continue to look relatively poor with the government having to take harsh measures to rein in the budget deficit and the large financial sector facing constrained improvement as shackles are placed on operator activities.



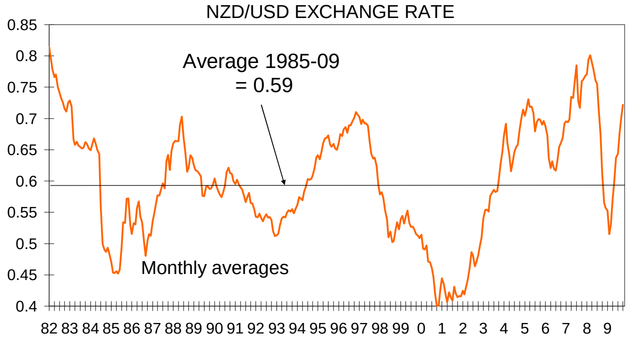


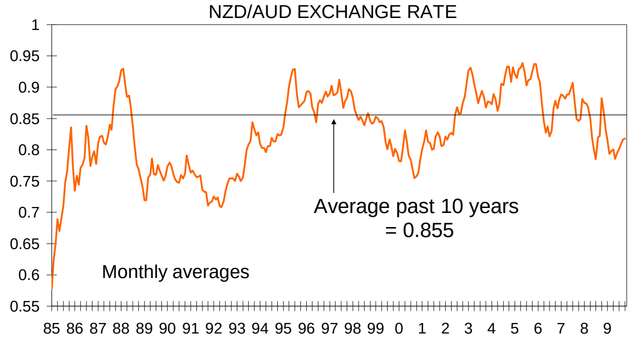
This Friday night the monthly US employment report will be released and it always has potential to move the USD around if divergent enough from market expectations. During the week US data have been very mixed with weak consumer sentiment and orders placed for durable goods, but the third month in a row of house price gains (now 3.6% off their lows), and revisions showing the June quarter GDP decline was much less than originally reported. The USD is sitting against the Japanese Yen near 89.8 from 91.2 a week ago, against the Euro near $1.462 from $1.473, and against the Pound $1.6 from $1.634.

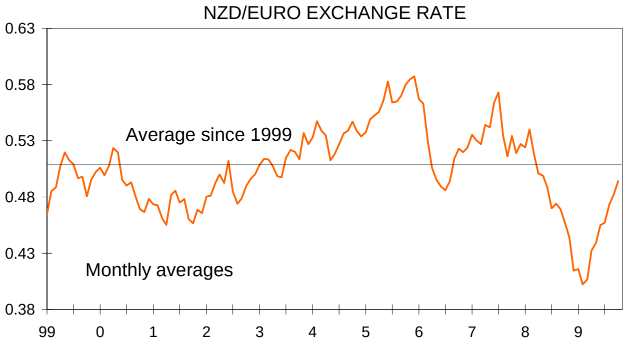
If I Were An FX Receiver What Would I Do?

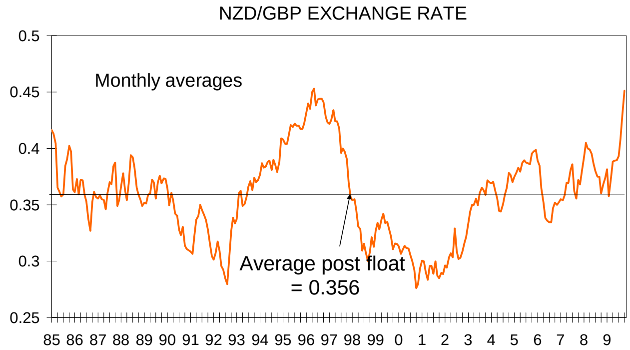
While I might be pulling back on hedging against the British pound, I would remain inclined to continue raising hedging on the other crosses though with a strengthening leaning toward using options the higher the NZD goes. We have to expect that the massive uncertainty around the globe regarding the strength and duration of the economic recovery will at some stage produce a large enough bout of the heebie jeebies to send the NZD lower for a while. That will provide an opportunity to do some hedging catch-up but if you have a contract maturing during such a period it would be good to be able to capture some of the gain through use of options.

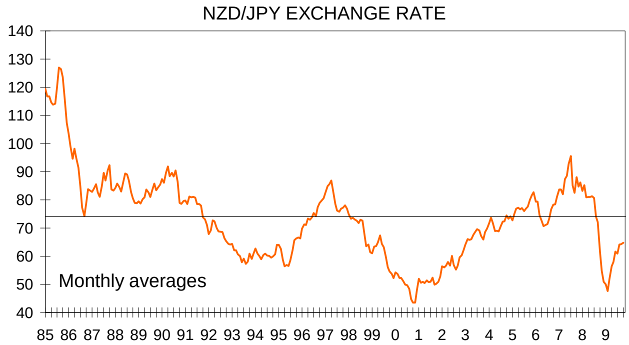
Can we reasonably pick a point for when the NZD will peak and trend back down again? Not really. After all, no-one seven months ago picked we would be at current levels. Maybe we peak 2-3 years from now once monetary policy gets to near the top of what this cycle will bring. But we cannot reasonably pick when or where the official cash rate peak will come this far out.











*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	0.6%	0.3	1.9	4.0	2.0
GDP growth	Average past 10 years = 3.0%	+0.1	-0.8	-1.8	2.5	2.3
Unemployment rate	Average past 10 years = 5.3%	6.0	5.0	......	4.0	3.7
Jobs growth	Average past 10 years = 1.9%	-0.5	-1.4	-0.9	0.8	1.5
Current a/c deficit	Average past 10 years = 5.5% of GDP	5.9	8.1	......	8.3	8.2
Terms of Trade		-8.9	-2.7	-13.1	10.7	2.3
Wages Growth	Stats NZ analytical series	0.6	0.8	4.6	5.6	4.6
Retail Sales ex-auto	Average past 9 years = 3.8%.	0.2	-1.0	-1.0	1.6	5.5
House Prices	REINZ Stratefied Index	1.6	1.8	0.7	-7.0	13.1
Net migration gain	Av. gain past 10 years = 11,700	+15,642	11,202yr	......	4,938	8,738
Tourism – an. av grth	10 year average growth = 5.0%. Stats NZ	-2.8	-2.6	-2.8	0.3	3.9
		Latest year rate	Prev mth year rate	6 mths ago	Year ago	2 yrs ago
Consumer conf.	10 year average = 2%. Colmar survey	57	38	-9	23	-8
Business activity exps	10 year average = 26%. NBNZ	32.0	26	-21	17	17
Household debt	10 year average growth = 11.3%. RBNZ	2.4	2.6	4.2	8.5	13.7
Dwelling sales	10 year average growth = 3.5%. REINZ	39.0	33.4	-17.7	-34.0	-25.3
Floating Mort. Rate	(Total Money) 10 year average = 7.6%*	5.59	5.85	6.49	10.49	9.99
3 yr fixed hsg rate	10 year average = 7.9%	7.75	7.45	6.59	8.69	8.75

ECONOMIC FORECASTS

Forecasts at Sept. 17 2009	March Years					December Years				
	2008	2009	2010	2011	2012	2007	2008	2009	2010	2011
GDP - annual average % change										
Private Consumption	3.3	-0.7	-0.5	1.8	2	4.1	0	-1.3	1.7	2
Government Consumption	4.3	3.4	3	2.8	1.9	3.9	3.9	2.9	2.9	2.2
Investment	4.3	-8.9	-16.4	6	8.9	5	-5.1	-17.8	1.1	9.7
GNE	4.2	-2	-3.9	3.3	3.4	4.5	0	-5.4	2.5	3.6
Exports	2.9	-3.4	-0.4	0.5	4.9	3.8	-1.6	-1.8	-0.4	4.7
Imports	9.6	-4.4	-14	2.3	5.9	8.6	2	-17.1	0.4	5.6
GDP	3.1	-1	-1	3	3.1	3.2	0.2	-1.9	2.3	3.3
Inflation – Consumers Price Index	3.4	3	2	0.7	1.8	3.2	3.4	2.1	0.7	1.5
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	7.3	7.2	6.1	3.5	4.7	6.9	7.3	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	0.73	0.75	0.71	0.77	0.56	0.72	0.75	0.72
USD/JPY	101	98	102	108	110	112	91	100	108	110
EUR/USD	1.55	1.31	1.5	1.46	1.36	1.46	1.34	1.49	1.47	1.4
NZD/AUD	0.87	0.8	0.82	0.84	0.85	0.88	0.83	0.82	0.84	0.84
NZD/GBP	0.4	0.37	0.42	0.43	0.41	0.38	0.37	0.42	0.43	0.42
NZD/EUR	0.52	0.41	0.49	0.51	0.52	0.53	0.41	0.48	0.51	0.51
NZD/YEN	81.1	51.8	74.5	81	77.9	86.3	50.9	72	81	79.1
TWI	71.6	53.8	67.3	70.3	68.8	71.6	55.1	66.3	70.1	69
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	2.75	4.12	6.12
10 year Govt. Bond	6.36	4.77	5.75	6.4	7	6.4	4.88	5.7	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