

RBNZ OCR Preview: Where There's A Will

- **OCR will remain at 1.75% for some time to come**
- **So stated the May MPS's opening line**
- **Little cause for Thursday's OCR Review to waver**
- **Wednesday's business survey likely still wobbly**
- **We expect Q2 GDP growth at 0.8% nonetheless**
- **With this week's monthly data to test this view**

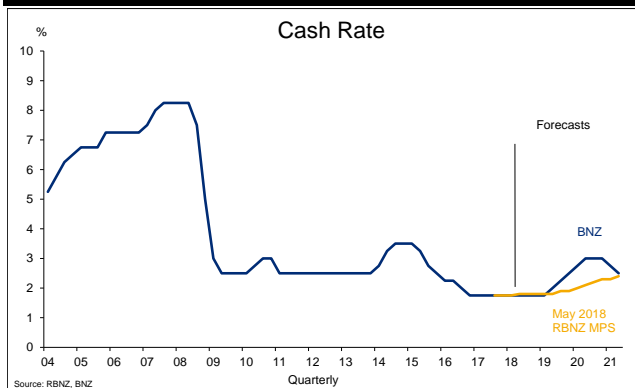
"The Official Cash Rate will remain at 1.75 percent for some time to come". That's not our emphasis, but the opening policy line from May's Monetary Policy Statement (MPS). Yes, it was followed by the Bank stating that the direction of its next move "is equally balanced, up or down." But, practically, the "will" was strong, and indicates the way. It will take a lot to budge the Reserve Bank from its on-hold mentality.

And there has been little to budge it over the last month or two. GDP might be undershooting the Bank's forecasts a tad. However, the CPI still looks likely to beat them by a margin (in our view, at least). All things considered, we expect the Bank to suffice with a similar message at Thursday morning's OCR Review, while leaving the cash rate unchanged.

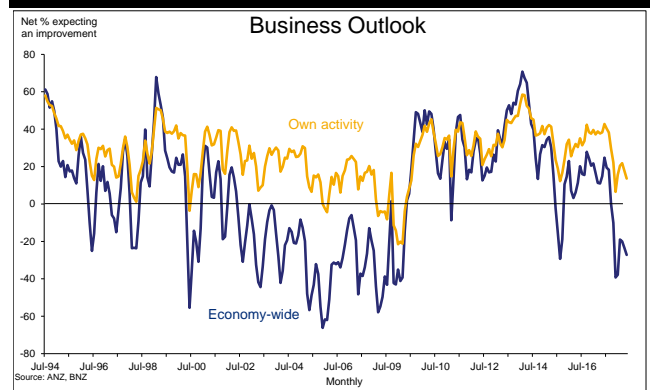
Having said this, there is an off-chance that the OCR summary text could look quite different, but without meaning anything. We wonder if the Bank, and new Governor, might be less inclined to simply edit the prior summary, more to fashion each new one from the ground up. If so, then be careful not to over-read what might be added to, and/or dropped from, May's MPS front page text.

This week's data, meanwhile, will test the idea that New Zealand's economic growth is picking up, after the moderateness affirmed in March quarter GDP.

Steady As She Goes...Up



Questioning



The biggest obstacle to this is likely to be Wednesday's ANZ business survey. Its activity indicators have been struggling to indicate annual GDP growth of 2%, let alone the circa-3% we forecast for calendar 2018, while its confidence reading has been camped deep in negative territory. We can't see what would have boosted respondents' expectations during June.

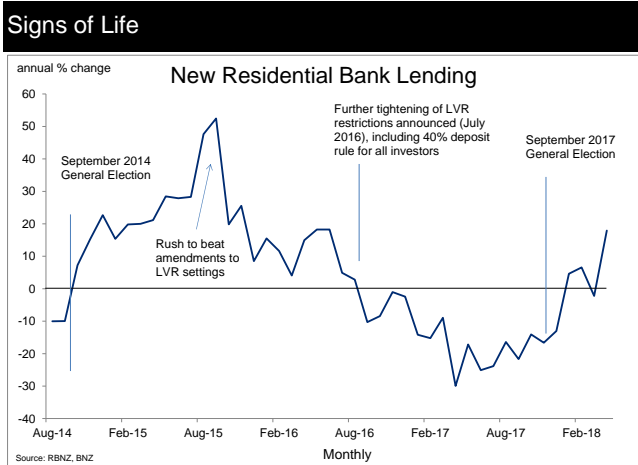
Of course, it's a moot point as to how good this ANZ survey is at predicting GDP growth, or not. But that is not to disregard the reasons for the business sector expressing the concerns that they are. These seem real enough.

New Zealand's growth pulse will also be informed this week by a range of data pertaining to the month of May.

For Wednesday's merchandise trade we expect 9% annual expansion in each of exports and imports, consistent with the idea of a rebound in export volumes, and steady growth in real imports, in Q2. This would present a small surplus for goods trade for May, of \$68m, similar to what it was in the same month last year.

Wednesday afternoon's new residential lending figures will provide the first clean read of its annual rate of change, after the early timing of Easter this year looks to have distorted the March/April pattern.

May's data carry on with Friday morning's building consents. April's new dwelling might have looked weak compared to March, but they posted annual growth of 30%. With this, they can probably afford a modicum of further slippage in May but still have a positive trend (consistent with the bounce-back we expect in construction activity in Q2, after the dip it registered in Q1 GDP).



Friday afternoon’s credit aggregates should be roughly more of the same, in terms of recent growth rates in totals, and components.

Also on Friday is June’s ANZ Roy Morgan consumer confidence report. This will be compared (and contrasted?) to the Westpac McDermott Miller version that was released last week, which lacked spark. Of course, the dead flat result for private consumption in last week’s Q1 GDP accounts partly reflected disruption in vehicle sales. However, we’ll certainly need to see spending growth resume in good measure in Q2, in order to get the 0.8% expansion we anticipate for GDP in this quarter.

Finally, be aware that Reserve Bank Deputy Governor, Geoff Bascand, is due to speak tomorrow (with text made available on the RBNZ website from 11:00am). The topic, namely digital currency, is one of emerging importance. Just not for monetary policy for the meantime.

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Global Watch

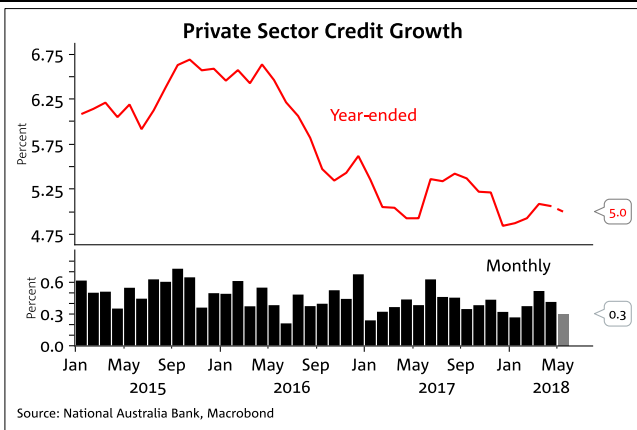
- Inflation gauges due in US, EU, and Japan
- China PMI out on Saturday
- BoE's Carney and Haldane to speak
- Bostic and Bullard look most interesting of week's Fed speakers
- BoC's Poloz talks on Wednesday

Australia

Another quiet week lies ahead for Australia, with only RBA credit data released, on Friday. NAB expects the data to show credit growth on balance softened in May, growing by 0.3% m/m, 5% y/y (mkt: 0.4% m/m, 5% y/y), although with slight upside risk of a 0.4% m/m print.

Credit data have been increasingly watched by markets, amidst the ongoing debate on tightening credit conditions and the potential impact on housing and the economy. The prospect of tightening lending conditions in response to the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry has fuelled fears of a credit crunch, with potential flow-on effects to housing and consumer spending. However, it is unclear what additional measures may be imposed by APRA, or how much further impact they will have, given the already-considerable tightening in lending standards since 2014.

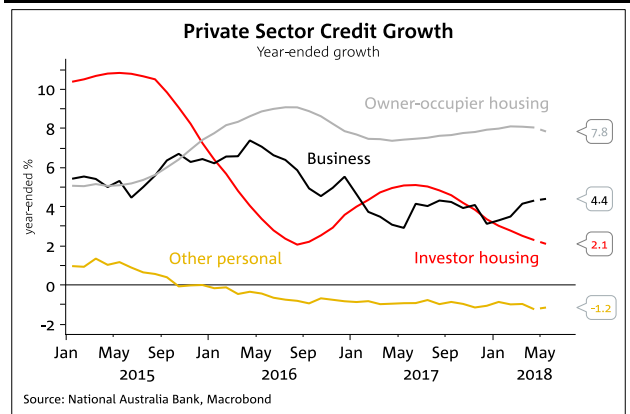
Chart 1: Overall credit growth a touch softer



On this front, the RBA doesn't seem particularly concerned, although it is monitoring the situation. Governor Lowe has noted in recent weeks that a moderation in house prices and credit growth could even be characterised as a good thing, given credit growth has continued to exceed income growth in recent years.

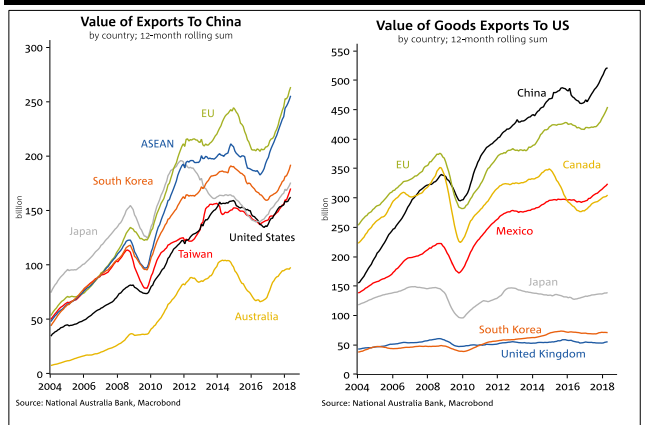
For the May credit numbers, we expect to see a further annual slowing in investor housing credit and a softening in owner-occupier housing credit, which will see both print 0.2ppt lower in year-ended growth terms, at 7.8%

Chart 2: Business lending up; housing lending down



and 2.1%, respectively. Business credit growth is also expected to have slowed in the month to 0.3% m/m, but more as payback after two strong months rather than any renewed underlying weakness, consistent with increasing business activity and spending. Lastly, personal credit is expected to continue declining, with year-ended growth staying at -1.2%.

Chart 3: Exports to US and China



Global

US-China trade tensions continue to be carefully monitored by markets. The next phase of US (and Chinese) tariffs (on \$US34 billion of imports) are scheduled to take effect on 6 July. There's talk of US-China negotiations before then to avert implementation.

US

For the week ahead, the data highlight is Friday's Core PCE deflator the main Fed inflation gauge. Markets are expecting another 0.2% m/m print in May, the year-ended PCE deflator to tick higher to 1.9% y/y, effectively at the Fed's 2% target. We'll also see the release of New Home Sales (Monday), Durable Goods (Wednesday) and the third print for Q1 GDP (Thursday).

The Fed's Bostic (FOMC voter), Kaplan, Rosengren and Bullard (all non-voters) are all speaking in the week ahead. Of these, Bostic's speech on Tuesday and Bullard's speech on Thursday (on the US Economy and Monetary Policy) might draw more interest. Both are on the dovish end of the Fed spectrum, and have previously expressed concerns about trade tensions and the flattening of the yield curve.

China

Official June PMIs this Saturday. Markets will be watching to see if the manufacturing PMI ticks down after last month's upside surprise, particularly given the escalating trade dispute between the US and China. Industrial profits are due out on Wednesday.

Eurozone

The first estimate for the June CPI is released, on Friday, and markets are expecting headline CPI to lift 0.1ppt to 2% y/y, but for core inflation to soften a touch, to 1% y/y.

UK

While the BoE left rates unchanged at 0.5%, BoE Chief Economist Haldane dissented for the first time in his tenure to vote for a 25bp hike. Markets are now very much alert to the chance of a rate hike in August, with +11bps currently priced in. The BoE has also recently been granted additional powers, and 1.2 billion pounds of capital, to provide liquidity in the case of a financial crisis. As such, the speeches by Governor Carney on Wednesday and Haldane on Thursday will be of particular interest.

Canada

BoC Governor Poloz is speaking on Wednesday and April GDP figures are published on Friday. Markets will be interested in any indication from Poloz that recent events have changed the BoC's outlook for rates. While a recent jump up in wages data saw the market price in a much higher chance of a hike in July, the outlook for resolving NAFTA uncertainties continues to deteriorate.

Japan

Friday sees the Tokyo CPI for June, Preliminary May Industrial Production and the May Jobless Rate. Industrial Production is expected to slow notably in the month, declining 1.0% m/m, from 0.5% m/m in April.

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Fixed Interest Market

Reuters: BNZL, BNZM Bloomberg:BNZ

It was a reasonably quiet last week in the swap market, with the swaps curve flattening again. Most of the flattening pressure on the curve was due to some upward pressure on the 2 year swap and NZ bank bill futures.

The 90 day bank bill picked up to 2.03% on Friday, a rise of 3bps from the week before, and its highest level since mid-May. The rise in the 90 day rate has coincided with the increase in the equivalent Australian 90 day rate, although the moves in NZ have been very modest in comparison – see second chart on the right. Our NAB colleagues think the move wider in the Australian bank bill-OIS spread, which is back above 60bps despite easing funding pressures in the US, reflects some technical factors and they expect some easing after quarter end.

While there has been some correlation between NZ and Australian bank bill-OIS spreads, we note that NZ is not experiencing the same pressures in the repo market as in Australia. Australian “GC” repo rates are trading over 50bps above the cash rate (which has contributed to repricing bank bill rates higher), whereas in NZ GC repo is trading close to the OCR. We don’t see evidence of a funding squeeze in NZ and don’t expect bank bill-OIS spreads to widen out materially any time soon, unless pressures in the US intensify.

The increase in the NZ 90 day rate and bank bill futures yields pushed the 2 year swap up to 2.25%, its highest level since the RBNZ May MPS. OCR expectations remain subdued; the market fully prices the first RBNZ hike for November next year, with the next hike fully priced for November 2020.

The RBNZ meeting on Thursday is the highlight locally this week. We don’t expect much deviation from the statement put out in May. If there is a risk either way, we think it’s towards a more dovish tone to the statement given the rising concern among central bankers globally around the threat of trade conflict (as reflected by comments by central bank governors, including Fed Chair Powell, on a panel at the ECB Sintra central banking forum). But our base case is that the statement is very similar to that produced in May.

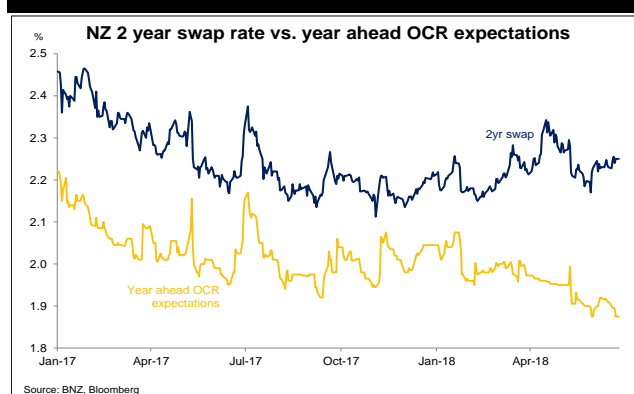
There was more action in the NZ bond market last week, with the tender of \$200m 2037s attracting a bid-to-cover ratio of only 1.16. The NZGB curve consequently steepened as a result of the tender and swap spreads at the longer-end narrowed. We wouldn’t read too much into one tender and in an environment of negative net issuance of NZGBs in the coming fiscal year, we generally expect NZGBs to remain reasonably supported.

The NZDMO also released its tender schedule for Q3 last week, revealing an increase in the monthly tender issuance and adding the 29s to the tender schedule (alongside the 25s and 37s). The higher monthly tender amount reflects the increase in bond issuance for the new fiscal year (\$8b v \$7b in FY18) and implies that the

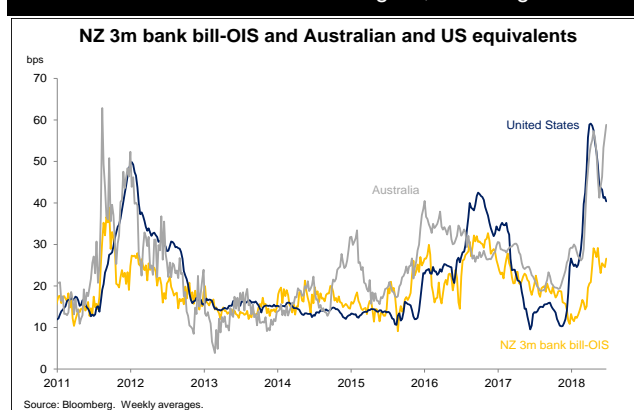
NZDMO does not plan to syndicate a new bond this fiscal year.

Offshore, the main highlight data-wise is the release of European core CPI on Friday night. The market expects core CPI to fall slightly to 1% (around where it has been for the past five years). Given the ECB’s recent pledge to keep rates on hold through the summer 2019, we wouldn’t expect too much market reaction unless it is a significant surprise. We expect global rates to range trade in the near-term.

OCR expectations are towards the lows



Bank bill-OIS has started to drift higher, following Australia



Current Rates/Spreads and Recent Ranges

	Current	Last 3-weeks range*
NZ 90d bank bills (%)	2.03	1.99 - 2.03
NZ 2yr swap (%)	2.25	2.22 - 2.27
NZ 5yr swap (%)	2.66	2.64 - 2.74
NZ 10yr swap (%)	3.12	3.09 - 3.23
2s10s swap curve (bps)	87	87 - 99
NZ 10yr swap-govt (bps)	18	18 - 39
NZ 10yr govt (%)	2.94	2.77 - 3.00
US 10yr govt (%)	2.89	2.85 - 3.01
NZ-US 10yr (bps)	5	-15 - 5
NZ-AU 2yr swap (bps)	15	8 - 16
NZ-AU 10yr govt (bps)	29	1 - 29

*Indicative range over last 3 weeks

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Foreign Exchange Markets

Reuters pg BNZFWDS Bloomberg pg BNZ9

The NZD was weak last week, flat to down on the key major crosses. A fresh low for the year of 0.6826 was made on Thursday, before a late-week rally saw the NZ finish at 0.6910, down 0.6% for the week. NZ Q1 GDP came in soft as expected, at 0.5% q/q, but the NZD weakness was driven by global forces, namely ongoing concern about the escalating US-China trade tensions.

It was good to see the bottom of the 0.68-0.69 support zone not breached, a positive sign for the NZD. The weekend easing in Chinese monetary policy is a sign that policy makers are responding to both the recent weakness in economic momentum in that country and the concern about the outlook if a full-on trade war develops.

CFTC data show a remarkable turnaround in positioning over the past couple of months since the recovery in the USD took hold. Net speculative positioning in the USD overall has turned from heavily short two months ago to moderately long, including a large swing in the week ending 19 June after the ECB's more dovish rates guidance. NZD positioning on the data is now significantly short to the tune of a net 16k contracts. In looking at the last 10 years of data, this is about as large as net short positioning usually gets and is usually a positive sign for the NZD. It suggests a low hurdle rate for a near-term bounce in the NZD.

To the more positive technical and positioning picture we can add that our short-term fair value model estimate remains stuck in a 0.71-0.72 zone. We still have a near-term cautious outlook for the NZD but feel a little more comfortable that the bottom of the support range might hold.

In the week ahead the domestic focus will be on Thursday's RBNZ OCR Review. However, the Statement should pass with little market reaction, with the Bank decisively on hold and unlikely to budge from that view for some time. The OIS market shows a very flat curve and the first rate hike not fully priced until beyond September 2019. It's a reminder that the differential of NZ-US interest rates will continue to fall against a backdrop of a higher Fed Funds rate, and this feature will remain an ongoing headwind for the NZD for some time to come.

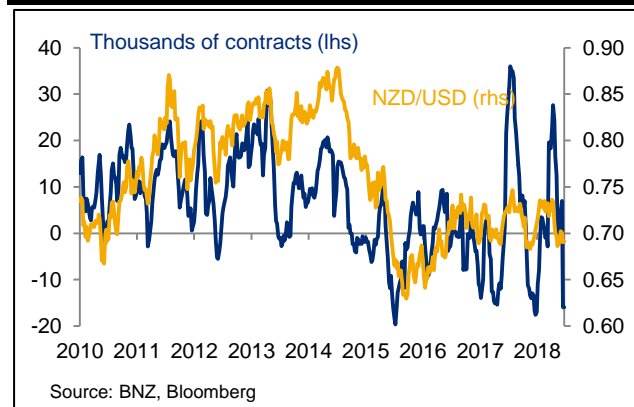
Ahead of that the ANZ survey on Wednesday will be watched, with increasing focus on the "winter of discontent" amongst businesses as they remain grumpy with the direction of government policy.

On the global calendar, US PCE deflator data at the end of the week is expected to show a gain of 0.2% m/m for the core figure, in line with recent CPI data, taking the annual figure to 1.9%, more or less at the Fed's 2% target. Ahead of that a number of Fed speakers are on the circuit, but we don't expect them to add much to the view that

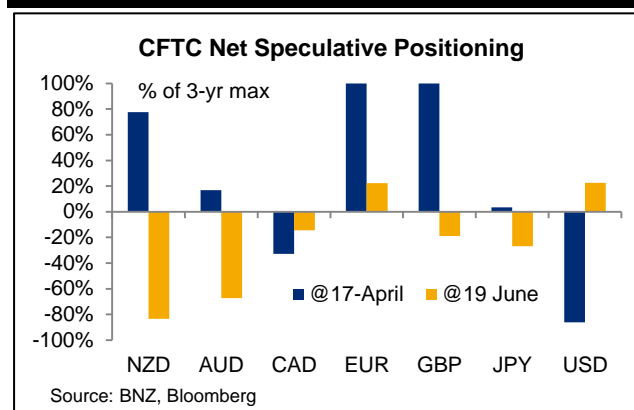
further gradual rate hikes in the US remain an appropriate course of action.

Elsewhere, euro-area CPI data and a speech by the BoE's Haldane are on our watchlist. Last week, Haldane went against the consensus and voted for a rate hike so his reasoning will be an interesting read.

Speculators Are Significantly Net Short NZD



A Big Turnaround in Positioning Over Last Two Months



Cross Rates and Model Estimates

	Current	Last 3-weeks range*
NZD/USD	0.6916	0.6830 - 0.7060
NZD/AUD	0.9294	0.9170 - 0.9380
NZD/GBP	0.5214	0.5180 - 0.5290
NZD/EUR	0.5930	0.5910 - 0.6040
NZD/JPY	76.03	75.40 - 77.90

*Indicative range over last 3 weeks, rounded figures

BNZ Short-term Fair Value Models

	Model Est.	Actual/FV
NZD/USD	0.7130	-3%
NZD/AUD	0.9190	1%

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Technicals

NZD/USD

Outlook: Downside risk
 ST Resistance: 0.7050 (ahead of 0.7160)
 ST Support: 0.6825 (ahead of 0.6800)

A new low for the year was reached last week of 0.6826, and this makes it the first support level. We still broadly see 0.68-0.69 as the key support zone. Short-term resistance sits near 0.7050.



NZD/AUD

Outlook: Trading range
 ST Resistance: 0.9400 (ahead of 0.9580)
 ST Support: 0.9120 (ahead of 0.9050)

A fairly messy short-term technical picture, but we see near-term resistance near 0.9400 and near-term support around 0.9120.



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NZ 5-year Swap Rate

Outlook: Neutral
 ST Resistance: 2.80
 ST Support: 2.60

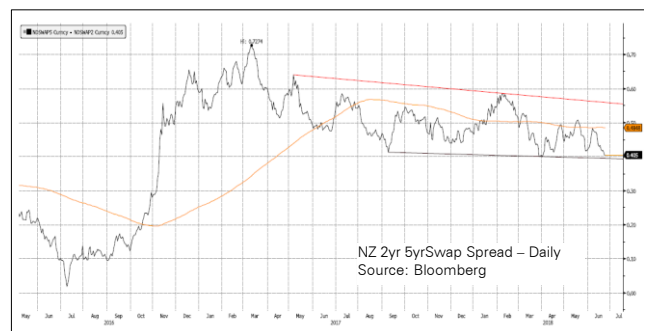
Market still in the channel. Looking for a break out before initiating new position. 200day MA sitting dead centre of the channel at 2.70.



NZ 2-year - 5-year Swap Spread (yield curve)

Outlook: Neutral
 ST Resistance: +56
 ST Support: +40

Market currently testing short term support at 40. Watching how the level is treated before initiating new position.



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Quarterly Forecasts

Forecasts as at 25 June 2018

Key Economic Forecasts

Quarterly % change unless otherwise specified

Forecasts

	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19
GDP (production s.a.)	0.8	0.9	0.6	0.6	0.5	0.8	1.0	0.9	0.5	0.6
Retail trade (real s.a.)	1.5	1.8	0.3	1.4	0.1	0.2	1.2	1.2	0.7	0.6
Current account (ytd, % GDP)	-2.6	-2.6	-2.5	-2.7	-2.8	-3.1	-3.5	-3.4	-3.1	-3.0
CPI (q/q)	1.0	0.0	0.5	0.1	0.5	0.6	0.7	0.4	0.8	0.5
Employment	1.1	-0.1	2.2	0.4	0.6	0.5	0.5	0.6	0.6	0.5
Unemployment rate %	4.9	4.8	4.6	4.5	4.4	4.4	4.4	4.3	4.2	4.3
Avg hourly earnings (ann %)	1.1	1.2	2.0	3.1	4.0	4.0	3.8	3.7	3.4	3.4
Trading partner GDP (ann %)	3.5	3.7	4.0	3.9	4.1	3.9	3.8	3.8	3.7	3.7
CPI (y/y)	2.2	1.7	1.9	1.6	1.1	1.7	1.9	2.2	2.5	2.3
GDP (production s.a., y/y)	3.0	2.8	2.6	2.9	2.7	2.6	3.0	3.3	3.2	3.1

Interest Rates

Historical data - qtr average

Forecast data - end quarter

	Cash	Government Stock			Swaps			US Rates		Spread
		90 Day	5 Year	10 Year	2 Year	5 Year	10 Year	Libor	US 10 yr	NZ-US
		Bank Bills						3 month		Ten year
2017 Mar	1.75	2.00	2.70	3.25	2.35	3.00	3.50	1.15	2.50	0.80
Jun	1.75	1.95	2.45	2.95	2.25	2.80	3.25	1.25	2.20	0.75
Sep	1.75	1.95	2.45	2.95	2.20	2.70	3.20	1.30	2.20	0.75
Dec	1.75	1.90	2.35	2.90	2.20	2.65	3.15	1.60	2.40	0.40
2018 Mar	1.75	1.90	2.40	2.95	2.20	2.70	3.20	2.20	2.85	0.10
Forecasts										
Jun	1.75	2.00	2.50	2.90	2.25	2.75	3.20	2.25	3.00	-0.10
Sep	1.75	2.00	2.65	3.10	2.25	2.90	3.40	2.45	3.25	-0.15
Dec	1.75	2.00	2.70	3.10	2.40	2.95	3.40	2.55	3.25	-0.15
2019 Mar	1.75	2.10	2.80	3.20	2.55	3.05	3.50	2.65	3.25	-0.05
Jun	2.00	2.35	3.10	3.45	2.85	3.05	3.50	2.75	3.50	-0.05
Sep	2.25	2.60	3.30	3.60	3.10	3.05	3.50	2.75	3.50	0.10
Dec	2.50	2.85	3.45	3.70	3.35	3.35	3.75	2.75	3.50	0.20
2020 Mar	2.75	3.10	3.55	3.80	3.50	3.35	3.75	2.75	3.50	0.30
Jun	3.00	3.25	3.70	3.80	3.50	3.35	3.75	2.75	3.50	0.40

Exchange Rates (End Period)

USD Forecasts

	NZD/USD	AUD/USD	EUR/USD	GBP/USD	USD/JPY
Current	0.69	0.74	1.17	1.33	110
Jun-18	0.69	0.74	1.16	1.33	111
Sep-18	0.69	0.73	1.15	1.32	109
Dec-18	0.70	0.75	1.18	1.38	110
Mar-19	0.70	0.75	1.22	1.45	108
Jun-19	0.71	0.75	1.22	1.47	106
Sep-19	0.71	0.75	1.25	1.53	104
Dec-19	0.70	0.75	1.30	1.55	102
Mar-20	0.70	0.75	1.32	1.55	100
Jun-20	0.69	0.74	1.34	1.57	99
Sep-20	0.69	0.74	1.36	1.60	98

NZD Forecasts

	NZD/USD	NZD/AUD	NZD/EUR	NZD/GBP	NZD/JPY	TWI-17
Current	0.69	0.93	0.59	0.52	76.0	73.6
Jun-18	0.69	0.93	0.60	0.52	76.6	73.3
Sep-18	0.69	0.94	0.60	0.52	74.7	73.4
Dec-18	0.70	0.93	0.59	0.51	77.0	73.8
Mar-19	0.70	0.93	0.57	0.48	75.6	72.6
Jun-19	0.71	0.94	0.58	0.48	75.3	73.2
Sep-19	0.71	0.94	0.57	0.46	73.8	72.8
Dec-19	0.70	0.93	0.54	0.45	71.4	71.5
Mar-20	0.70	0.93	0.53	0.45	70.0	71.3
Jun-20	0.69	0.93	0.52	0.44	68.3	70.3
Sep-20	0.69	0.93	0.51	0.43	67.6	70.1

TWI Weights

14.0% 20.7% 10.3% 4.8% 6.8%

Source for all tables: Statistics NZ, Bloomberg, Reuters, RBNZ, BNZ

Annual Forecasts

Forecasts as at 25 June 2018	March Years					December Years				
	Actuals		Forecasts			Actuals		Forecasts		
	2017	2018	2019	2020	2021	2016	2017	2018	2019	2020
GDP - annual average % change										
Private Consumption	5.5	3.8	3.0	2.2	1.3	5.1	4.4	2.9	2.6	1.4
Government Consumption	1.9	4.9	2.1	1.8	1.7	1.6	4.6	2.7	1.8	1.7
Total Investment	5.6	3.9	3.7	3.9	3.8	6.4	3.5	4.0	4.0	3.6
Stocks - ppts cont'n to growth	-0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.3	-0.2	0.0
GNE	4.8	4.0	3.3	2.5	2.0	4.7	4.2	3.6	2.6	2.0
Exports	0.7	3.9	3.6	4.2	4.4	1.6	2.3	3.4	4.4	4.3
Imports	5.1	7.0	5.1	3.5	3.0	3.4	6.7	6.2	3.6	3.0
Real Expenditure GDP	3.6	3.1	2.7	2.6	2.3	4.1	3.0	2.6	2.8	2.3
GDP (production)	3.7	2.7	3.0	2.6	2.3	4.0	2.8	2.9	2.8	2.3
GDP - annual % change (q/q)	3.0	2.7	3.2	2.4	2.4	3.4	2.9	3.3	2.4	2.3
Output Gap (ann avg, % dev)	1.3	0.9	1.0	0.8	0.6	1.3	1.0	1.0	0.9	0.6
Household Savings (% disp. income)	-2.8	-2.5	-3.6	-3.4	-2.5					
Nominal Expenditure GDP - \$bn	270.3	286.4	297.5	311.2	325.5	266.1	283.4	294.1	307.8	321.6
Prices and Employment - annual % change										
CPI	2.2	1.1	2.5	2.0	2.0	1.3	1.6	2.2	2.0	2.0
Employment	5.7	3.1	2.2	1.6	1.2	5.8	3.7	2.2	1.9	1.2
Unemployment Rate %	4.9	4.4	4.2	4.3	4.4	5.3	4.5	4.3	4.3	4.5
Wages - ahote	1.1	4.0	3.4	3.3	2.8	1.1	3.1	3.7	3.4	3.0
Productivity (ann av %)	-1.9	-0.8	0.6	0.7	1.0	-0.8	-1.3	0.1	0.8	1.0
Unit Labour Costs (ann av %)	3.8	3.9	3.3	2.7	2.2	2.7	4.0	3.9	2.6	2.4
External Balance										
Current Account - \$bn	-7.2	-7.9	-9.1	-8.5	-7.7	-6.0	-7.7	-10.1	-8.8	-8.1
Current Account - % of GDP	-2.6	-2.8	-3.1	-2.7	-2.4	-2.2	-2.7	-3.4	-2.9	-2.5
Government Accounts - June Yr, % of GDP										
OBEGAL (core operating balance)	1.5	1.0	0.9	1.6	1.5					
Net Core Crown Debt (excl NZS Fund Assets)	21.7	20.8	20.7	19.7	18.3					
Bond Programme - \$bn	8.0	8.0	8.0	9.0	9.0					
Bond Programme - % of GDP	3.0	2.8	2.7	2.9	2.8					
Financial Variables ⁽¹⁾										
NZD/USD	0.70	0.73	0.70	0.70	0.68	0.70	0.70	0.70	0.70	0.68
USD/JPY	113	106	108	100	0	116	113	110	102	98
EUR/USD	1.07	1.23	1.22	1.32	0	1.05	1.18	1.18	1.30	1.38
NZD/AUD	0.92	0.94	0.93	0.93	0.93	0.96	0.91	0.93	0.93	0.93
NZD/GBP	0.57	0.52	0.48	0.45	0.43	0.56	0.52	0.51	0.45	0.43
NZD/EUR	0.66	0.59	0.57	0.53	0.50	0.67	0.59	0.59	0.54	0.49
NZD/YEN	79.1	77.0	75.6	70.0	66.6	81.6	78.7	77.0	71.4	66.6
TWI	76.5	74.8	72.6	71.3	69.9	78.1	73.6	73.8	71.5	69.3
Overnight Cash Rate (end qtr)	1.75	1.75	1.75	2.75	2.75	1.75	1.75	1.75	2.50	3.00
90-day Bank Bill Rate	1.98	1.93	2.08	3.08	2.92	2.02	1.88	2.00	2.83	3.17
5-year Govt Bond	2.70	2.35	2.80	3.55	3.65	2.75	2.30	2.70	3.45	3.65
10-year Govt Bond	3.25	2.95	3.20	3.80	3.95	3.30	2.80	3.10	3.70	3.95
2-year Swap	2.30	2.25	2.55	3.50	3.40	2.40	2.20	2.40	3.35	3.50
5-year Swap	3.00	2.70	3.05	3.80	3.90	3.00	2.65	2.95	3.70	3.90
US 10-year Bonds	2.50	2.85	3.25	3.50	3.50	2.50	2.40	3.25	3.50	3.50
NZ-US 10-year Spread	0.75	0.10	-0.05	0.30	0.45	0.80	0.40	-0.15	0.20	0.45

⁽¹⁾ Average for the last month in the quarter

Source for all tables: Statistics NZ, EcoWin, Bloomberg, Reuters, RBNZ, NZ Treasury, BNZ

Key Upcoming Events

	Forecast	Median	Last		Forecast	Median	Last
Monday 25 June				Jpn, Retail Sales, May y/y		+1.6%	+1.6%
Jpn, BOJ Summary of Latest Meeting, 15 Jun Meeting				Euro, Economic Confidence, June		112.0	112.5
Germ, IFO Index, June		101.8	102.2	Euro, ECB Economic Bulletin			
UK, BOE's McCafferty Speaks				Germ, CPI, June y/y 1st est		+2.2%	+2.2%
US, New Home Sales, May		667k	662k	UK, BOE's Haldane Speaks			
Tuesday 26 June				US, GDP, Q1 3rd est		+2.2%	+2.2%P
NZ, RBNZ's Bascand Speaks, Digital Currency				Friday 29 June			
UK, Carney Speaks				NZ, ANZ-RM Consumer Confidence, June			121.0
UK, CBI Distribution Reported Sales, June			+17	NZ, Credit Aggregates, May (household y/y)			+5.9%
US, Shiller Home Price Index, April y/y			+6.5%	NZ, Building Consents, May (res, #)			-3.7%
US, Fed's Kaplan/Bostic Speak				Aus, Private Sector Credit, May	+0.3%	+0.4%	+0.4%
US, Consumer Confidence, June		128.0	128.0	Jpn, Industrial Production, May 1st est		-1.0%	+0.5%
Wednesday 27 June				Jpn, Unemployment Rate, May		2.5%	2.5%
NZ, Merchandise Trade, May	+\$68m	+\$100m	+\$263m	Euro, CPI, June y/y 1st est		+2.0%	+1.9%
NZ, Residential Lending, May y/y			+17.9%	Germ, Unemployment Rate, June s.a.		5.2%	5.2%
NZ, ANZ Business Survey, June			-27	Germ, Retail Sales, May		-0.5%	+2.3%
China, Industrial Profits, May y/y			+21.9%	UK, GDP, Q1 3rd est		+0.1%	+0.1%P
US, Durables Orders, May 1st est		-0.9%	-1.6%	US, Chicago PMI, June		60.0	62.7
US, Fed's Rosengren Speaks				US, Personal Spending, May		+0.4%	+0.6%
US, International Goods Trade, May advance		-\$69.0b	-\$67.3b	Saturday 30 June			
Thursday 28 June				China, Non-manufacturing PMI, June			54.9
NZ, RBNZ OCR Review	1.75%	1.75%	1.75%	China, PMI (NBS), June		51.8	51.9

Historical Data

	Today	Week Ago	Month Ago	Year Ago		Today	Week Ago	Month Ago	Year Ago
CASH & BANK BILLS					SWAP RATES				
Call	1.75	1.75	1.75	1.75	2 years	2.25	2.24	2.20	2.22
1mth	1.90	1.90	1.90	1.84	3 years	2.39	2.39	2.36	2.40
2mth	1.96	1.94	1.94	1.90	4 years	2.53	2.53	2.51	2.55
3mth	2.04	2.03	2.00	1.96	5 years	2.66	2.67	2.66	2.69
6mth	2.07	2.07	2.05	1.99	10 years	3.12	3.13	3.14	3.14
GOVERNMENT STOCK					FOREIGN EXCHANGE				
03/19	1.78	1.78	1.78	1.95	NZD/USD	0.6915	0.6942	0.6942	0.7289
04/20	1.90	1.87	1.85	2.11	NZD/AUD	0.9296	0.9342	0.9200	0.9609
05/21	2.03	2.02	2.00	2.20	NZD/JPY	76.02	76.74	75.96	81.52
04/23	2.28	2.28	2.28	2.46	NZD/EUR	0.5929	0.5970	0.5972	0.6518
04/25	2.56	2.55	2.55	2.64	NZD/GBP	0.5212	0.5238	0.5215	0.5729
04/27	2.74	2.73	2.72	2.73	NZD/CAD	0.9176	0.9167	0.9021	0.9653
04/33	3.13	3.08	3.08	3.05					
04/37	3.28	3.22	3.24	3.27	TWI	73.6	73.8	73.2	78.7
GLOBAL CREDIT INDICES (ITRXX)									
Australia 5Y	72	70	67	83					
Nth America 5Y	65	61	63	60					
Europe 5Y	70	68	65	53					

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