RESEARCH

Markets Outlook

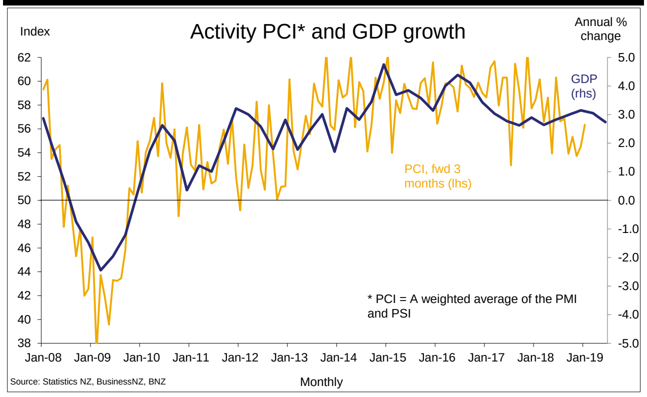
19 November 2018

More Evidence of Economic Momentum

- **PMI and PSI strength belies business confidence slump**
- **Business margins remain under pressure**
- **Net migration trends lower**
- **Tourism balance growth threatened**
- **Hopeful of dairy price stabilization**

The big news for the week has already been released. The Performance of Manufacturing (PMI) and Performance of Services indices (PSI) have bounced relatively strongly. We'd been concerned that they might go the same way as business confidence and foretell a significant economic slowdown. Had this been the case our growth forecasts would have been threatened. Fortunately, for now at least, the performance indicators are sufficiently strong for us to maintain our view that GDP can continue to expand at a near potential rate for a while longer yet. For the record, we are forecasting GDP growth of 2.9% for calendar 2018 and 2.8% for next year.

Growth Sustained?



The PMI rose to 53.5 in October from 51.9 in September and now sits a smidgen above its long term average of 53.4. The PSI rose to 55.4 from 54.2 and compares favourably with an average of 54.5. You never want to place too much reliance on a single data point but if the performance indicators can be sustained at current levels they would be consistent with GDP growth of around 2.5%. While hardly spectacular, this is probably sufficiently strong to keep the labour market tight and maintain a modicum of upward pressure on inflation.

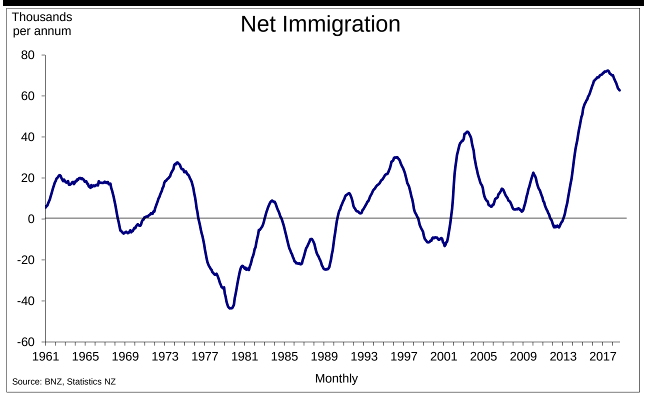
Talking of inflation, one of the major sources of upward pressure on the CPI is the margin compression being faced by businesses. It's hard to draw too many conclusions from the business price indices released today but, to the extent that annual input price inflation continues to exceed output price inflation, they provide supportive evidence that margin compression continues.

Nonetheless, with oil prices now falling there should at least be some relief from this source of cost pressure. Moreover, it is notable that both input and output price inflation remain below their recent peaks.

Assisting this, commodity prices, generally, are coming off a bit. Dairy is no exception in this regard. On Wednesday we see the results of the latest GDT auction. We are expecting/hoping for no change in price compared to the previous auction. This will still leave prices 9.3% down on year earlier levels. Importantly, we need dairy prices to stabilize to prevent any further reduction in our payout forecasts.

On Thursday, we get the latest migration data. For the year ended September New Zealand recorded a net migration inflow of 62,733. While still high by historical standards, it's almost 10,000 down on the peak recorded for the year ended July 2017. Recent arrivals have been broadly unchanged on year earlier levels but departures are up in excess of 10%. We expect a continuation of these trends resulting in a further modest decline in net inflows.

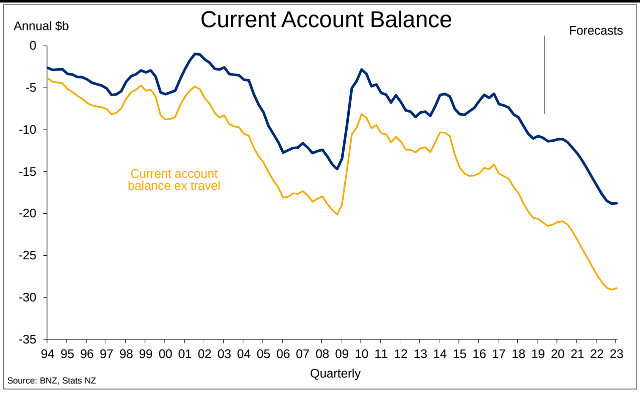
Net Immigration Falling



Tourism inflow growth has slowed significantly of late. In the three months ended September tourist numbers were up 3.0% on year earlier levels. At the same time, the growth rate in New Zealanders travelling is significantly higher at 7.3% over the same period. This is an unwelcome development as the rising travel balance has been a major factor behind New Zealand's improved current account position. A deteriorating terms of trade is already resulting in some deterioration which will be exacerbated by any reduced growth in the travel balance.

Of course falling petrol prices may yet help rescue the overall current account balance.

Travel Balance Under Threat



Actually, falling petrol prices are decimating our inflation forecasts. Domestic petrol prices are down 17.0% in just over a month. This has knocked, cumulatively, around three quarters of a percent off our CPI forecasts. Our near term peak in the headline inflation track is now just 2.0% and it doesn't stay there for long. However, we are quick to note that non-tradables inflation continues to track higher so it is not, yet, sufficient for us to move away from our tightening bias. However, the drop will help keep inflation expectations in track which, in turn, reduces the need for future rate increases. The other point to note is that recent pressure on household disposable income from rising petrol prices will be alleviated and help support private consumption and the overall expansion in GDP.

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Global Watch

- **Brexit issues are front and centre**
- **Are the EU PMIs still slowing?**
- **US housing data to confirm retreat from peak**
- **Japan CPI, PMI to note**
- **Policy minutes due from RBA and ECB**
- **RBA's Lowe, Fed's Williams, BoE's Carney to speak**

Australia

There's no market-moving Australian data scheduled this week. Instead markets will focus on a speech on Trust and Prosperity by RBA Governor Lowe and the release of the November Board Minutes, both on Tuesday.

Housing has come into focus as prices ease. NAB's analysis has found that Australia is experiencing a housing correction, not a collapse. After over a decade of rapid house price growth in Sydney and Melbourne, the recent moderation in prices has occurred at a benign point in the economic cycle. Unemployment is declining, GDP is growing at an above-trend rate, and interest rates are low. With a strong macroeconomic backdrop, consumers, on the whole, will be able to weather the reduction in house prices and the modest tightening in credit conditions. The RBA is clearly of the same view, judging in part by Deputy Governor Guy Debelle's speech last week.

It's possible Governor Lowe will touch upon this theme in his speech on Trust and Prosperity. Given the title, it's likely Lowe will discuss long-term drivers of growth, and perhaps the importance of a strong financial system. Markets will be paying close attention to both the speech and the Q&A for clues on the Bank's view of the economic outlook – including thoughts on the recent positive wages and labour data.

US

Thanksgiving Holiday on Thursday. Before then, the focus will be on Housing Starts/Permits on Tuesday given both have now declined by around 8-10% from peaks earlier in the year. Fed Chair Powell has pointed to the recent weakness in housing as a concern and any further weakening will likely play to the view that the Fed may be getting closer to restrictive territory – neutral is estimated at 2.50-3.00%. Further thoughts on rates will likely come from the Fed's Williams (voter) who is speaking in a Q&A to business leaders on Monday. Elsewhere, expect more headlines on trade, in the lead up to the Trump/Xi meeting at the G20 the following week.

China

No noteworthy data releases scheduled in the week ahead; markets will remain focused on the news flow around trade discussions and the Yuan.

Eurozone

November flash PMIs on Friday will be under focus given the Q3 growth slowdown. The slowdown has been partly attributed to factory re-tooling in Germany, as well as some evidence that emerging market weakness is weighing on European exports. Nevertheless, markets expect the Manufacturing PMI to tick down to 51.7 from 52.0 and the Services PMI to 53.5 from 53.7. Any continuation of the slowing will increase speculation that the ECB's interest rate normalisation path could be shunted into 2020 from the current "at least through the summer of 2019". The ECB Minutes are also published Thursday and will be closely scrutinised to see whether all members see the risks to growth as still being "broadly balanced".

UK

Brexit front and centre given the political crisis. Focus in the week ahead will be on whether there is a leadership challenge to the PM (48 letters are required to initiate, 158 votes required for the challenge to succeed). If not (or if PM May survives) then focus will shift to the UK/EU Summit scheduled for 25 November where the tentative agreement is likely to be signed off and then formally put to Parliament in early December. The GBP is likely to be very volatile in this environment. The BoE of course is watching developments closely, having already spoken to bank heads on Thursday, and the BoE's Carney is scheduled to speak to the Treasury Committee on Tuesday.

Japan

November CPI and the Nikkei PMI will be highlights in the week ahead. Recent GDP data shows the economy contracted in Q3, although temporary factors (typhoons and a major earthquake) appear to be the main drivers. As such markets will be looking to PMI data to gauge the pace of the underlying economy.

Canada

BoC Deputy Wilkins is speaking on Tuesday; October CPI and September Retail Sales are released on Friday.

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Fixed Interest Market

Reuters: BNZL, BNZM Bloomberg:BNZ

NZ rates declined last week, in sympathy with moves offshore. The NZ 10 year swap rate was 8bps lower last week, in contrast to the 12bp decline in the 10 year US Treasury yield.

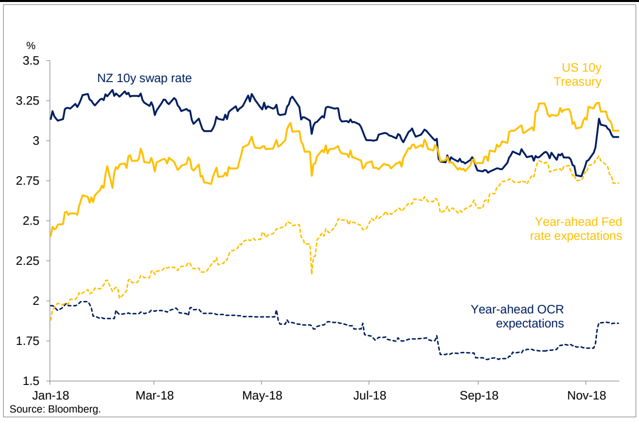
The decline in US and global rates followed a pick-up in risk aversion offshore, with equity markets falling. The decline in oil prices also led to declines in US market-implied breakeven inflation. Finally, US rates fell after some Fed speakers, including new Fed Vide-Chair Clarida, made comments that the market interpreted as dovish. The market has scaled back its expectations for 2019 rate hikes by the Fed, and now prices only around 1.5 hikes, compared to the median Fed forecast of three hikes. A December rate hike by the Fed is still priced as a very high chance.

NZ long-end rates followed those moves in the US, while the short-end of the NZ curve was more resistant. The 2 year swap was down only 2bps last week. The short-end of the curve was held up by some further modest upward pressure on the 90 day bank bill rate, which ended last week at 2% (1bp higher on the week). Continued unwinds of received positions at the front-end of the curve have also supported the short-end.

There wasn't much domestically to move NZ rates last week, and that's likely to remain the case again this week. Offshore, there will be focus on NY Fed President John Williams speech tonight, given the reaction last week to some more mixed comments from Fed officials. We would be surprised if Williams deviated from the recent message that further gradual rate hikes are appropriate, but policy will become more data dependent next year, as the Fed funds rate approaches neutral. The preliminary Eurozone PMIs on Friday will also be of interest given the recent slow-down in activity in the Euro area.

Our medium-term views haven't changed and we see upward pressure on both US and NZ rates in 2019. We may see some consolidation in NZ rates into year-end however, with no major NZ data until GDP shortly before Christmas.

NZ and US long-end rates declined last week



Source: Bloomberg.

Current Rates/Spreads and Recent Ranges

	Current	Last 3-weeks range*
NZ 90d bank bills (%)	2.00	1.89 - 1.99
NZ 2yr swap (%)	2.18	1.99 - 2.22
NZ 5yr swap (%)	2.57	2.30 - 2.67
NZ 10yr swap (%)	3.02	2.78 - 3.14
2s10s swap curve (bps)	84	79 - 91
NZ 10yr swap-govt (bps)	31	24 - 30
NZ 10yr govt (%)	2.71	2.50 - 2.85
US 10yr govt (%)	3.06	3.05 - 3.25
NZ-US 10yr (bps)	-35	-58 - -38
NZ-AU 2yr swap (bps)	9	-3 - 11
NZ-AU 10yr govt (bps)	3	-11 - 9

*Indicative range over last 3 weeks

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Foreign Exchange Markets

Reuters pg BNZWFWDS Bloomberg pg BNZ9

Last week the NZD continued its strong run, up over 2% against the USD, taking it back to levels not seen since June. The NZD was stronger on all the key crosses as well, including a gain of 0.6% against the AUD and up over 3% against a beleaguered GBP. NZD/USD is now up over 7% from its early-October low and has seen some strong broadly based gains since then.

Positive sentiment last week was triggered by a more positive vibe on US-China trade. The two countries are back talking with each other, with Trump's Economic Advisor Kudlow confirming that contact has been resumed "at all levels". Trump hinted that the next phase of tariffs might not proceed if a deal is made. A break-through at the 1-Dec Trump-Xi meeting at the G20 summit is unlikely, but a ceasefire in the trade war is possible as negotiations continue.

The NZD is likely also benefiting from the afterglow of the strong HLFS employment report and more hawkish undertones coming through at the RBNZ's Monetary Policy Statement less than two weeks ago. This has come at a time when some doubt is being raised about how much further the Fed will tighten. Speculators have been heavily short the NZD – the most on record according to CFTC data – and an unwinding of some of those positions has likely been a supporting factor for the NZD. The latest data here shows that about NZD1.3 b of net notional short NZD positions have been unwound over the past couple of weeks, with net short positioning still around NZD 2 b.

NZD/AUD reached a 7-month high around 0.9420 despite a stronger-than-expected Australian employment report. The NZ-specific factors noted above, the closing of NZD short positions and concern about the state of the Australian housing market are likely factors. Record low NZ mortgage rates are reviving the NZ housing market, and REINZ data show a pick-up in sales and house price inflation still running at a robust 4% annual rate. Meanwhile, Australian house prices are falling with banks restricting credit supply, against a backdrop of tighter regulatory oversight. Falling oil prices are also likely a factor behind a stronger cross, being a positive factor for NZ's terms of trade and a negative factor for Australia's terms of trade.

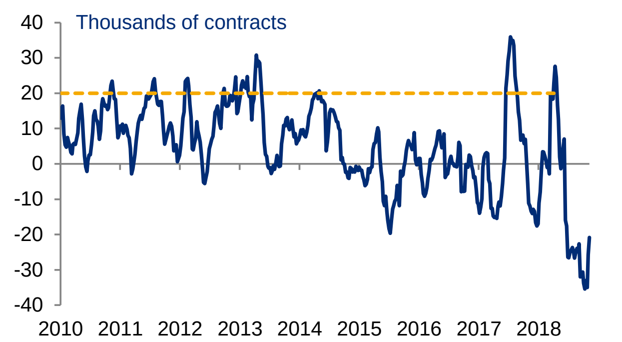
Our short-term NZD-AUD models put fair value in a 0.90-0.93 range, so the current spot is still considered close enough to fair value and doesn't ring any alarm bells.

It's a pretty quiet week ahead on the economic calendar, with only second-tier local releases and in the US. Euro-area PMI data is the only release of vague interest to us.

After its strong recovery, the NZD is due for a period of consolidation. For the first time since April, the NZD has moved ahead of our short-term fair value estimate which currently sits around 0.67, nudged down last week by a fall in risk appetite. Some of the recovery in the NZD – the positive domestic drivers – looks well deserved, being unambiguously positive. However, the turnaround in sentiment on US-China trade talks looks more dubious and vulnerable to the whims of President Trump. For that reason we'd be cautious about predicting any further substantial recovery in the NZD at this stage. It's one of those factors that could easily reverse course and send the NZD lower again. Our much lower year-end target of 0.65 had assumed a US-China trade war in full swing, but we'd look to revise that higher if a ceasefire looks increasingly likely.

Large swings in GBP are likely to remain a key feature of currency markets as Brexit negotiations continue and PM May faces a possible leadership battle in the week ahead. The outcome remains binary for GBP. Our projection for a weaker NZD/GBP profile over the medium term is based on a satisfactory resolution, but conviction in any GBP view remains low.

Net Speculative NZD Short Positioning Reduced



Source: BNZ, Bloomberg

Cross Rates and Model Estimates

	Current	Last 3-weeks range*
NZD/USD	0.6878	0.6510 - 0.6880
NZD/AUD	0.9381	0.9170 - 0.9420
NZD/GBP	0.5359	0.5060 - 0.5370
NZD/EUR	0.6025	0.5700 - 0.6040
NZD/JPY	77.60	72.50 - 77.70

*Indicative range over last 3 weeks, rounded figures

BNZ Short-term Fair Value Models

	Model Est.	Actual/FV
NZD/USD	0.6710	3%
NZD/AUD	0.9030	4%

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Technicals

NZD/USD

Outlook: Upside risk
ST Resistance: 0.6925 (ahead of 0.7050)
ST Support: 0.6730 (ahead of 0.6500)

The downward trend of April-October now looks clearly broken. With prior resistance levels of 0.6730 broken and 0.6850 broken, 6925 is the next key level. A break of that would open up a move above 0.70.

NZD/AUD

Outlook: Upside risk
ST Resistance: 0.9440 (ahead of 0.9540)
ST Support: 0.9300 (ahead of 0.9200)

The spurt higher is seeing prior resistance levels broken. The next level of 0.9440 represents the topside trendline of the last couple of years.

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NZ 5-year Swap Rate

Outlook: Higher
ST Resistance: 2.80
ST Support: 2.50

Some consolidation evident the past week but expect support at 2.50 to hold. Stop on close below this level.

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

Outlook: Steeper
ST Resistance: +49
ST Support: +39

Stop on break of +39. Target still +49.

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Quarterly Forecasts

Forecasts as at 19 November 2018

Key Economic Forecasts

Quarterly % change unless otherwise specified

Forecasts

	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19
GDP (production s.a.)	0.8	0.6	0.6	0.5	1.0	0.8	0.8	0.4	0.7	0.7
Retail trade (real s.a.)	1.6	0.3	1.3	0.3	1.1	1.1	1.0	0.7	0.6	0.6
Current account (ytd, % GDP)	-2.6	-2.6	-2.9	-3.0	-3.3	-3.6	-3.7	-3.6	-3.6	-3.7
CPI (q/q)	0.0	0.5	0.1	0.5	0.4	0.9	0.2	0.4	0.4	0.7
Employment	0.0	2.0	0.5	0.6	0.6	1.1	0.0	0.6	0.5	0.4
Unemployment rate %	4.7	4.7	4.5	4.4	4.4	3.9	4.2	4.0	4.0	4.1
Avg hourly earnings (ann %)	1.2	2.0	3.1	4.0	3.3	3.6	3.7	3.4	4.1	3.6
Trading partner GDP (ann %)	3.7	4.0	3.9	4.1	4.1	3.8	3.8	3.7	3.7	3.7
CPI (y/y)	1.7	1.9	1.6	1.1	1.5	1.9	2.0	1.9	1.9	1.7
GDP (production s.a., y/y))	2.8	2.6	2.9	2.6	2.8	3.0	3.1	3.0	2.7	2.6

Interest Rates

Historical data - qtr average
Forecast data - end quarter

		Government Stock			Swaps			US Rates		Spread
	Cash	90 Day Bank Bills	5 Year	10 Year	2 Year	5 Year	10 Year	Libor 3 month	US 10 yr	NZ-US Ten year
2017 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
Jun	1.75	2.00	2.35	2.90	2.25	2.70	3.15	2.35	2.90	-0.06
Sep	1.75	2.00	2.25	2.80	2.20	2.65	3.10	2.35	3.00	-0.45
Forecasts										
Dec	1.75	1.95	2.25	2.85	2.00	2.55	3.15	2.40	3.25	-0.40
2019 Mar	1.75	1.95	2.35	2.90	2.20	2.65	3.20	2.60	3.25	-0.35
Jun	1.75	2.05	2.60	3.15	2.40	2.65	3.20	2.95	3.50	-0.35
Sep	2.00	2.30	2.80	3.30	2.70	2.65	3.20	2.95	3.50	-0.20
Dec	2.25	2.55	3.00	3.45	3.00	2.90	3.45	3.20	3.50	-0.05
2020 Mar	2.50	2.80	3.15	3.55	3.20	2.90	3.45	3.45	3.50	0.05
Jun	2.75	2.95	3.30	3.55	3.20	2.90	3.45	3.45	3.50	0.15
Sep	2.75	2.95	3.35	3.55	3.20	3.10	3.60	3.45	3.50	0.20
Dec	2.75	2.95	3.35	3.65	3.40	3.10	3.60	3.45	3.50	0.25

Exchange Rates (End Period)

	USD Forecasts					NZD Forecasts					
	NZD/USD	AUD/USD	EUR/USD	GBP/USD	USD/JPY	NZD/USD	NZD/AUD	NZD/EUR	NZD/GBP	NZD/JPY	TWI-17
Current	0.68	0.73	1.14	1.28	112	0.68	0.93	0.60	0.53	77.0	75.0
Dec-18	0.65	0.71	1.18	1.26	112	0.65	0.91	0.55	0.51	72.5	70.8
Mar-19	0.65	0.72	1.20	1.28	110	0.65	0.90	0.54	0.51	71.5	71.4
Jun-19	0.66	0.73	1.22	1.30	110	0.66	0.90	0.54	0.51	72.6	72.6
Sep-19	0.68	0.75	1.25	1.34	108	0.68	0.91	0.54	0.51	73.4	74.1
Dec-19	0.69	0.75	1.30	1.40	106	0.69	0.92	0.53	0.49	73.1	74.5
Mar-20	0.70	0.76	1.32	1.43	104	0.70	0.92	0.53	0.49	72.8	74.8
Jun-20	0.70	0.77	1.34	1.46	102	0.70	0.91	0.52	0.48	71.4	74.0
Sep-20	0.70	0.76	1.36	1.49	100	0.70	0.92	0.52	0.47	70.0	73.5
Dec-20	0.69	0.75	1.38	1.52	99	0.69	0.92	0.50	0.45	68.3	72.1
Mar-21	0.70	0.75	1.38	1.52	98	0.70	0.93	0.51	0.46	68.6	73.1
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 19 November 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	5.1	3.8	3.2	2.3	1.6	4.8	4.4	3.0	2.7	1.7
Government Consumption	1.9	4.8	3.9	1.7	1.7	1.6	4.5	4.2	2.1	1.7
Total Investment	5.6	3.8	2.4	3.5	3.8	6.4	3.4	2.9	3.3	3.6
Stocks - ppts cont'n to growth	-0.1	-0.1	0.1	0.0	0.0	0.0	-0.1	0.3	-0.2	0.0
GNE	4.6	3.9	3.8	2.5	2.2	4.6	4.1	4.0	2.7	2.2
Exports	1.3	3.0	4.7	3.9	3.8	2.1	1.8	4.2	4.4	3.9
Imports	5.1	7.2	6.8	3.2	2.5	3.4	7.0	7.4	3.9	2.3
Real Expenditure GDP	3.5	2.8	3.1	2.7	2.5	4.1	2.7	3.0	2.8	2.6
GDP (production)	**3.7**	**2.7**	**3.0**	**2.7**	**2.5**	**4.0**	**2.8**	**2.9**	**2.8**	**2.6**
GDP - annual % change (q/q)	*3.0*	*2.6*	*3.0*	*2.7*	*2.4*	*3.4*	*2.9*	*3.1*	*2.6*	*2.5*
Output Gap (ann avg, % dev)	1.1	0.7	0.7	0.5	0.2	1.2	0.8	0.7	0.5	0.2
Household Savings (% disp. income)	-2.8	-1.8	-3.9	-3.8	-2.8					
Nominal Expenditure GDP - $bn	270.6	285.9	298.6	313.6	325.4	266.5	283.0	294.8	309.8	322.9
Prices and Employment - annual % change										
CPI	2.2	1.1	1.9	1.8	2.0	1.3	1.6	2.0	1.8	1.8
Employment	5.7	3.1	2.3	1.6	1.6	5.8	3.7	2.3	1.9	1.6
Unemployment Rate %	4.9	4.4	4.0	4.1	4.0	5.3	4.5	4.2	4.0	4.0
Wages - ahote	1.1	4.0	3.4	3.9	3.4	1.1	3.1	3.7	3.8	3.6
Productivity (ann av %)	-1.9	-0.8	0.0	1.0	1.0	-0.8	-1.3	-0.3	0.8	1.0
Unit Labour Costs (ann av %)	3.9	3.9	2.8	2.4	2.4	2.7	4.0	3.5	2.2	2.4
External Balance										
Current Account - $bn	-6.9	-8.5	-10.8	-11.2	-12.8	-5.7	-8.2	-11.0	-11.3	-12.2
Current Account - % of GDP	-2.6	-3.0	-3.6	-3.6	-3.9	-2.1	-2.9	-3.7	-3.6	-3.8
Government Accounts - June Yr, % of GDP										
OBEGAL (core operating balance)	1.5	1.9	1.1	1.2	1.3					
Net Core Crown Debt (excl NZS Fund Assets)	21.7	19.9	19.6	19.0	17.8					
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	0.65	0.70	0.70	0.70	0.70	0.65	0.69	0.69
USD/JPY	113	106	110	104	98	116	113	112	106	99
EUR/USD	1.07	1.23	1.20	1.32	1.38	1.05	1.18	1.18	1.30	1.38
NZD/AUD	0.92	0.94	0.90	0.92	0.93	0.96	0.91	0.91	0.92	0.92
NZD/GBP	0.57	0.52	0.51	0.49	0.46	0.56	0.52	0.51	0.49	0.45
NZD/EUR	0.66	0.59	0.54	0.53	0.51	0.67	0.59	0.55	0.53	0.50
NZD/YEN	79.1	77.0	71.5	72.8	68.6	81.6	78.7	72.5	73.1	68.3
TWI	76.5	74.8	71.4	74.8	73.1	78.1	73.6	70.8	74.5	72.1
Overnight Cash Rate (end qtr)	1.75	1.75	1.75	2.50	2.75	1.75	1.75	1.75	2.25	2.75
90-day Bank Bill Rate	1.98	1.93	1.95	2.78	2.87	2.02	1.88	1.95	2.53	2.95
5-year Govt Bond	2.70	2.35	2.35	3.15	3.30	2.75	2.30	2.25	3.00	3.35
10-year Govt Bond	3.25	2.95	2.90	3.55	3.75	3.30	2.80	2.85	3.45	3.75
2-year Swap	2.30	2.25	2.20	3.20	3.25	2.40	2.20	2.00	3.00	3.40
5-year Swap	3.00	2.70	2.65	3.45	3.60	3.00	2.65	2.55	3.30	3.65
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	-0.35	0.05	0.25	0.80	0.40	-0.40	-0.05	0.25

(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
Monday 19 November			
NZ, BNZ PSI (Services), October			53.9
NZ, Business Price Indexes, PPIO Q3 y/y			+3.1%
Jpn, Merchandise Trade Balance, October		-¥69b	+¥140b
US, Fed's Williams Speaks, The Bronx			
US, NAHB Housing Index, November		67	68
Tuesday 20 November			
NZ, H/H Inflation Exp. (1yr median), Q4			+3.0%
Aus, Lowe Speaks, Trust and Prosperity			
Aus, RBA Minutes, 6 Nov Meeting			
Germ, PPI, Oct y/y		+3.3%	+3.2%
UK, BOE's Carney, Haldane, Saunders Testify			
US, Housing Starts, October		1,230k	1,201k
Wednesday 21 November			
NZ, Dairy Auction, GDT Price Index			-2.0%
NZ, Credit Card Billings, October			+2.6%
Jpn, All Industry Index, September		-1.0%	+0.5
US, Jobless Claims, week ended 17/11			216k
US, Mich Cons Confidence, Nov 2nd est		98.3	98.3P
US, Existing Home Sales, October		5.20m	5.15m
US, Durables Orders, Oct 1st est		-2.0%	+0.7%
US, Leading Indicator, October		+0.1%	+0.5%

	Forecast	Median	Last
Thursday 22 November			
NZ, External Migration, Oct s.a.			+4,640
Jpn, CPI, Oct y/y		+1.4%	+1.2%
Euro, Consumer Confidence, Nov 1st est		-3.0	-2.7
US, Holiday, Thanksgiving			
Friday 23 November			
NZ, National Accounts, Year to March 2018			
Euro, PMI Services, Nov 1st est		53.5	53.7
Euro, PMI Manufacturing, Nov 1st est		51.7	52.0
Germ, GDP, Q3 2nd est		-0.2%	-0.2%P
US, Markit PMI, November 1st est		55.9	55.7
US, Markit PSI, November 1st est		55.0	54.8
Monday 26 November			
NZ, Retail Trade, Q3 vol s.a.	+1.1%		+1.1%
Germ, IFO Index, November			102.8
Tuesday 27 November			
NZ, Merchandise Trade, October	-$745m		-$1,560m
NZ, New Residential Lending, Oct y/y			+4.6%
China, Industrial Profits, Oct y/y			+4.1%
US, Consumer Confidence, November			137.9
US, Shiller Home Price Index, Sept y/y			+5.8%

Historical Data

	Today	Week ago	Month Ago	Year Ago
CASH & BANK BILLS				
Call	1.75	1.75	1.75	1.75
1mth	1.90	1.90	1.82	1.76
2mth	1.95	1.95	1.86	1.83
3mth	2.00	1.99	1.90	1.91
6mth	2.04	2.02	1.93	1.94
GOVERNMENT STOCK				
03/19	1.75	1.74	1.74	1.86
04/20	1.84	1.86	1.76	2.01
05/21	1.92	1.95	1.82	2.16
04/23	2.16	2.19	2.02	2.45
04/25	2.39	2.44	2.28	2.70
04/27	2.57	2.64	2.49	2.87
04/29	2.72	2.80	2.66	
04/33	2.89	2.97	2.84	3.23
04/37	3.02	3.11	2.97	3.43
GLOBAL CREDIT INDICES (ITRXX)				
Australia 5Y	83	77	79	
Nth America 5Y	74	67	68	55
Europe 5Y	78	70	74	52

	Today	Week ago	Month Ago	Year Ago
SWAP RATES				
2 years	2.18	2.19	2.03	2.16
3 years	2.32	2.35	2.14	2.34
4 years	2.45	2.49	2.26	2.50
5 years	2.57	2.63	2.39	2.65
10 years	3.02	3.10	2.90	3.14
FOREIGN EXCHANGE				
NZD/USD	0.6878	0.6737	0.6594	0.6809
NZD/AUD	0.9379	0.9327	0.9258	0.9010
NZD/JPY	77.59	76.72	74.20	76.34
NZD/EUR	0.6023	0.5938	0.5722	0.5782
NZD/GBP	0.5359	0.5193	0.5042	0.5158
NZD/CAD	0.9040	0.8904	0.8641	0.8698
TWI	74.6	73.9	72.4	72.1

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