Bank of New Zealand

BNZ Weekly Overview

4 May 2006

The Week's Economic Developments	**2**	**Exchange Rates**	**9**
Interest Rates	**5**	**Economic Data/Forecasts**	**12**
Housing Market Update	**8**		

FINANCIAL MARKETS DATA

	This week	Week ago	4 wks ago	3 mths ago	Yr ago	10 yr average
Official Cash Rate	7.25%	7.25	7.25	7.25	6.75	6.3
90-day bank bill	7.52%	7.52	7.48	7.57	7.05	6.6
10 year govt. bond	5.82%	5.86	5.68	5.81	5.81	6.5
1 year swap	7.35%	7.32	7.24	7.40	7.07	6.7
5 year swap	6.77%	6.72	6.58	6.84	6.70	7.1
NZD/USD	0.638	0.632	0.61	0.683	0.726	.57
NZD/AUD	0.832	0.839	0.85	0.914	0.94	.86
NZD/JPY	72.5	72.6	71.8	81.0	76.2	66.0
NZD/GBP	0.347	0.354	0.35	0.389	0.384	.35
NZD/EURO	0.505	0.508	0.502	0.569	0.56	.509

For addition to our emailing list for Thursday night receipt email "Subscribe WO" to tony.alexander@bnz.co.nz

Monthly Confidence Survey

This is the first Weekly Overview for the month so it is once again time to ask WO readers how you are seeing things out there. If you have not already done so please cut and paste the URL below into your web browser and tick whether you believe the economy will get better or worse over the next 12 months. More importantly let us know how things are currently in your particular industry specifying if possible what that industry is. We will gather these comments together and as usual publish them early next week.

http://www.closer.co.nz/bnzeconomist.asp

Currency Volatility Proven and Here to Stay

One of our small themes over the past few months has being the way in which growing exports out of New Zealand is made difficult by our often high and usually volatile currency. We looked at the fact that with the Reserve Bank's monetary policy relying only on movements in the official cash rate and movements in their rate affecting only a very small proportion of mortgages they really don't get much bang for their buck when they move the cash rate. In order to get the economy slowing down they usually have to push the cash rate up higher than would be the case in other countries. That means we get extra upward pressure on the New Zealand dollar over and above what other countries would tend to experience when they go through monetary policy tightening cycles.

Late last year the Minister of Finance asked Treasury and the Reserve Bank to undertake a study looking at other ways of affecting the domestic economy and in particular the housing market when the Reserve Bank needed to slow down growth in order to contain inflationary pressures. The report was released a few weeks ago with the conclusion that there were no viable alternatives to movements in the cash rate at the moment and it was felt that there was no point in conducting any further examination of potential alternatives.

While this is good from a borrowers point, from an exporters point of view and with regard to the long-term growth prospects of New Zealand this is bad. It means that exporters must anticipate a continuing environment where the New Zealand dollar will occasionally be extremely high for sometimes a sustained period of time because of high interest rates. It also means high currency volatility which makes planning extremely difficult.

This week we saw the release of a report from Victoria University researchers looking at the volatility in 13 major currencies since 1986. What they found was that the Japanese yen and the New Zealand dollar were the most volatile currencies over this period of time. The Australian dollar in contrast was the third most stable currency.

Is this an argument for a joint currency with Australia so we can take part in their stability - plus for borrowers gain their extra low interest rates? Not really. While we would gain a more stable currency we would gain one whose movements reflect changes in the strength of the Australian economy - which is well over five times the size of our own - rather than ours. Plus we would have a currency moved around substantially by changes in Australian commodity export prices such as gold, iron ore and coal rather than dairy products, meat, and wool.

For the manufacturing sector it would certainly be a positive development especially with just under half of New Zealand's manufactured exports going to Australia. But we would expect to see greater volatility in incomes for the farming sector which could cause some cash flow management problems.

It is difficult to envisage New Zealanders being willing to give control over the level of interest rates here to the Reserve Bank of Australia and the Australian economy. There are times when our economies are out of sync and it could be in our best interests to have interest rates falling whereas they may need to be rising across the Tasman. The question is are we willing to sacrifice some short term growth at times in order to get a better long-term growth environment overall? The answer should be yes and hopefully will be one day so we can ditch our volatile currency. But until we are willing to embrace increased control from Australia the answer will be no.

A joint currency is not on the agenda for either government so we would suggest exporters not get their hopes up about reduced instability in the New Zealand currency in the next decade or so. This suggests that New Zealand's long-term underperformance with regard to growth in our export sector will continue. This means it seems reasonable to assume that over the next few decades growth in our economy on average will be slower than in Australia and growth in income per capita in New Zealand will be less than across the ditch.

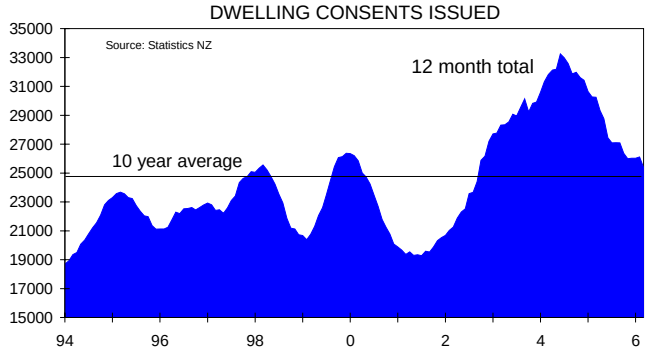
THE WEEK'S ECONOMIC DEVELOPMENTS

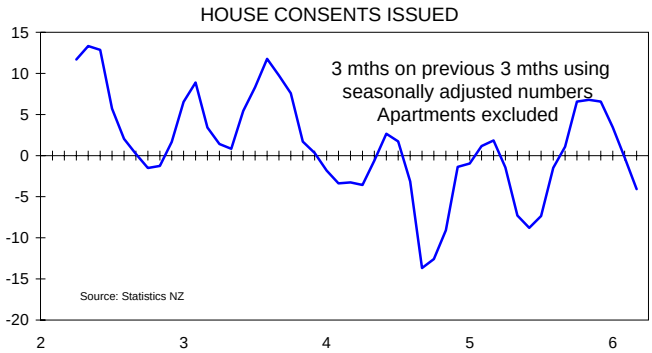
Friday 28

House Construction Trending Downward - Probably

The number of dwelling consents issued in March fell by a seasonally adjusted 14% from February. This large decline followed an 11.7% rise during February and highlights the volatility in these monthly numbers. To get a better idea of what is happening with dwelling construction one needs to look at three-month averages. Doing so we see that during the March quarter the number of dwelling consents in seasonally adjusted terms rose by 3.5% from the December quarter although in unadjusted terms numbers were down by 9% from a year earlier. For the year to March consent numbers totalled 25,389 which was down from 26,117 in February and a peak for this cycle in June 2004 of 33,251. The recent strength in consent numbers has been due to a surge in apartment consents and for an even better feel for what householders are willing to do when it comes to spending money on new buildings we need to look at housing only data. Doing so we see that in seasonally adjusted terms the number of housing consents fell by 4.1% during the

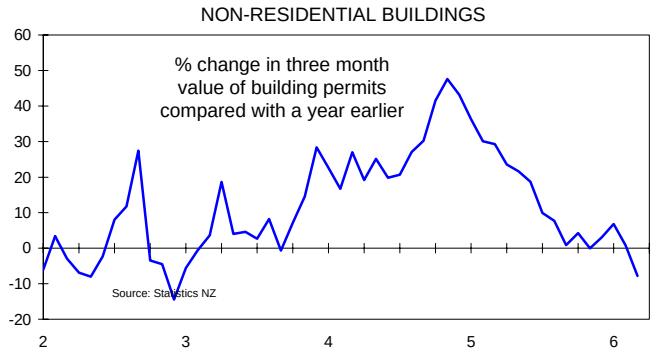
March quarter and was down by 4% from a year earlier. The data therefore indicate householders are pulling back on spending on housing and this is in line with the downward trend revealed in dwelling sales data. However the trend is mild and one needs to be careful about comparisons with a year ago because the March 2005 numbers were aggressively boosted by people getting in ahead of consent cost changes.

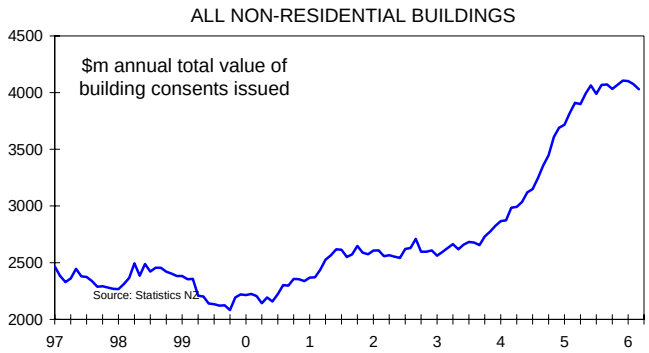




Non-Residential Construction Easing off

The value of consents issued for the construction of non-residential buildings was $369 million in March. This was an 11.9% decline from a year earlier and for the March quarter as a whole consent values were down by 7.8% from a year ago. Allowing for the increase in construction costs this indicates that a decline in the volume of non-residential construction is underway. However given our belief that there is a backlog of orders waiting to be brought forward once buyers feel that the resources they want are more readily available we do not envisage a crunch as such in the construction industry this cycle.

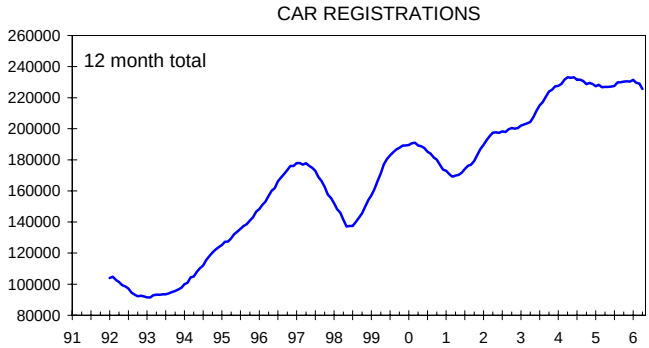


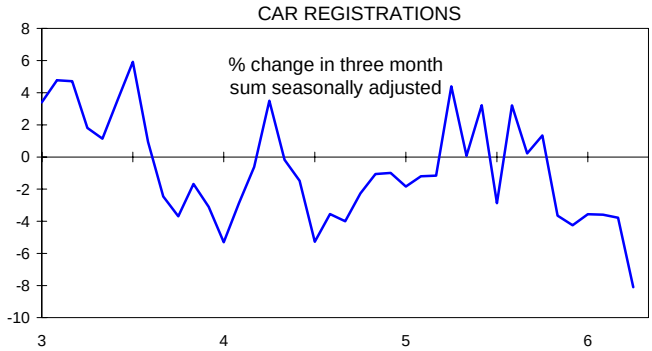


Wednesday 3

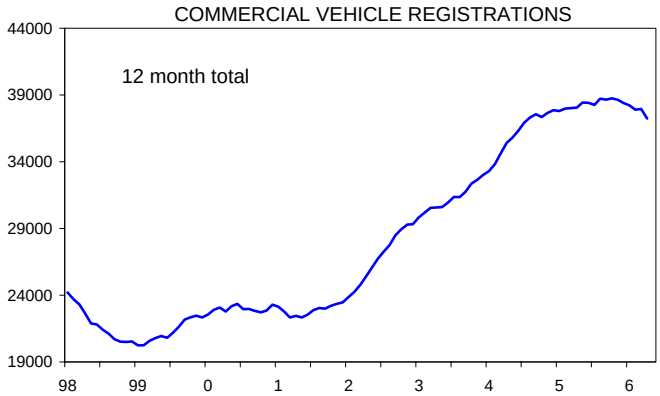
Vehicle Registrations Fall Away

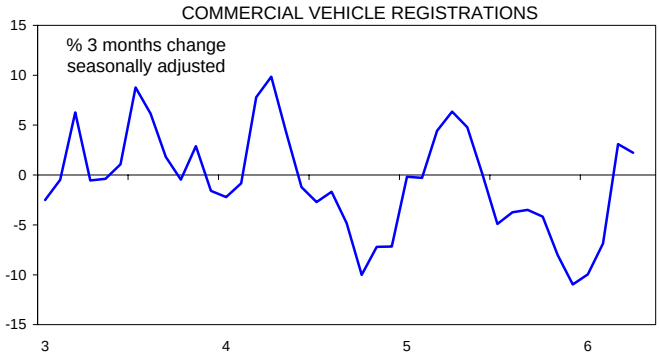
During April there were 14,914 cars registered around New Zealand. This was a large 19.1% fall from April 2005 and in the three months to April the number of car registrations was down by 10.2% from a year ago and in rough seasonally adjusted terms down by 8% compared with the three months to January. In the year to April registrations were down 0.6% from year earlier after falling 2.6% in the year to April 2005. There is therefore a downward trend in place in the number of car registrations and this trend appears to have accelerated in recent months possibly with a downward bias to April numbers as a result of Easter falling in April this year versus March last year.



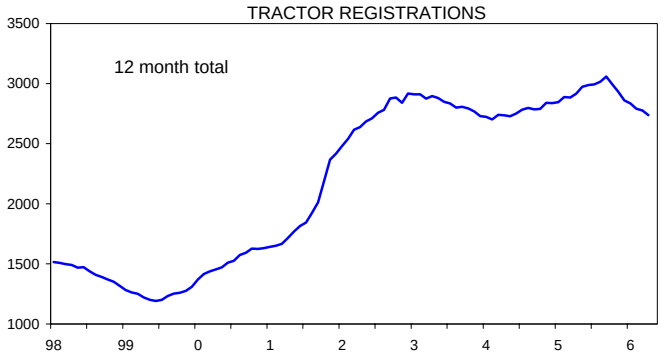


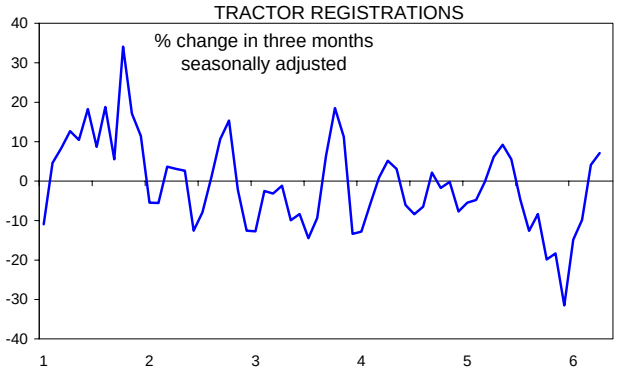
In April there were 2,320 commercial vehicles registered around New Zealand. This was a relatively large 23.8% decline from a year earlier and means that in the three months to April the number of commercial vehicle registrations was down by 10% from a year ago but up roughly 2% in seasonally adjusted terms from the three months to January. There is a downward trend in place for commercial vehicle registrations as seen by the number of registrations in the year to April falling 2.2%, and while the April result is poor this could be because of the timing of Easter. Looking through the numbers we get the impression that the fall off in activity is not exceptionally rapid - but it is there.





There were 165 tractors registered around New Zealand in April. This was down by 18.7% from a year earlier and in the three months to April the number of tractor registrations was off by 16.4% from a year ago but up about 7% seasonally adjusted during the three months to April compared with the three months to January. As with commercial vehicles there does appear to be a downward trend in place in tractor registrations however the trend is not severe as evidenced by the recent seasonally adjusted improvement.

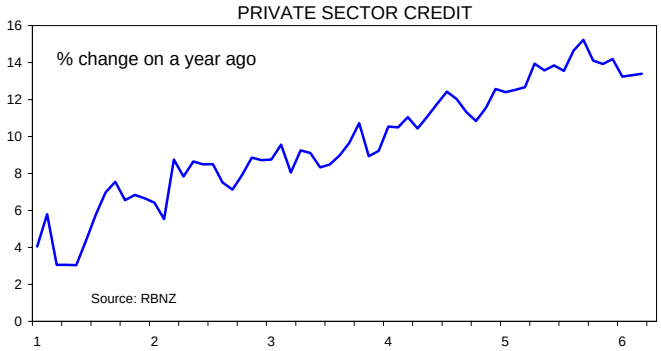


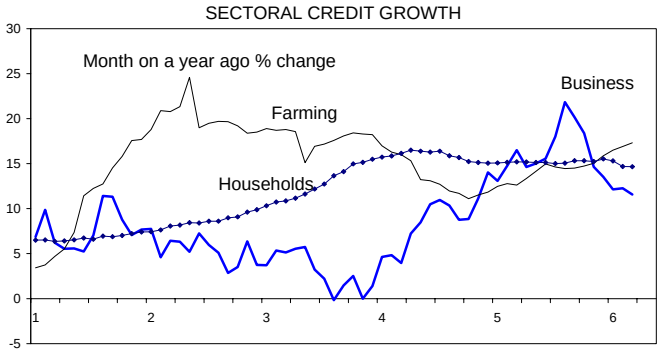


Lending Growth Accelerates

The annual rate of growth in lending to the private sector lifted from 13.3% in February to 13.4% in March. A year ago this rate of growth was 12.7% and the peak for this cycle was 15.2% back in September. If the economy were really weak one would not expect to see lending growth accelerate. Instead one would expect to see people cutting back on their spending and borrowing and the rate of lending growth falling

quite sharply. This is not happening. In fact in seasonally adjusted terms the rate of growth in lending to the household sector was 1.1% in March from 1% in February.





This is not the sort of thing the Reserve Bank will be wanting to see as it tries to slow down the rate of growth in the economy in order to leave some chance that inflation will come back below 3% in the next two years. Frankly that looks like a forlorn hope given the way the Reserve Bank implemented monetary policy too timidly over 2004 and 2005 and the way the gamble they took back then is now blowing up in everyone's faces as a whole lot of new inflationary risks come along.

These include continuing above trend trading partner growth with recent upward revisions to their forecast growth rates, increases in commodity prices which will boost raw materials costs for New Zealand firms, a continuing tight New Zealand labour market which will apply extra upward pressure on the rate of growth in wages and salaries, tight business margins which suggest a high probability businesses will pass on various cost increases, easing fiscal policy, and the currency falling before these other inflationary pressures have disappeared.

The annual rate of growth in lending to the business sector eased slightly in March to 11.6% from 12.3% with the recent peak in this rate of growth being 21.8% back in August 2005. Annual growth in lending to the farming sector lifted in March to 17.3% from 16.9% in February. Annual lending growth to the household sector held steady at 14.7%.

Telecommunications Regulation

The government announced that in response to feedback showing that New Zealand is lagging the rest of the world in terms of broadband uptake it will regulate Telecom to force it to make its copper line network available to other Internet providers.

INTEREST RATES

Wholesale interest rates started this week with a downward bias following the release of weak data on gross domestic product and consumer confidence in the United States on Friday night. There was also some general buying following comments by the Federal Reserve Chairman indicating it may pause in its tightening cycle in the near future even if the weight of opinion was in favour of further tightening. But this week we have seen yields jump up on the back of a number of significant factors.

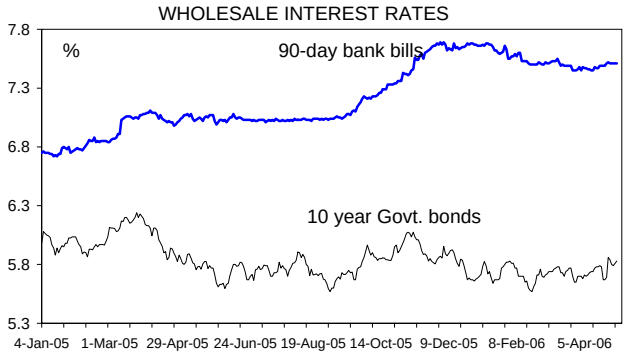
One is that following the weak gross domestic product numbers there have been some strong data releases in the United States. The monthly Institute of Supply Management index for the manufacturing sector came in stronger than expected with a lift in the prices component bringing worries about accelerating inflation. The reading for the services sector also came in on the strong side. In addition an inflation measure contained within the monthly personal consumption and income readings surprised on the high side.

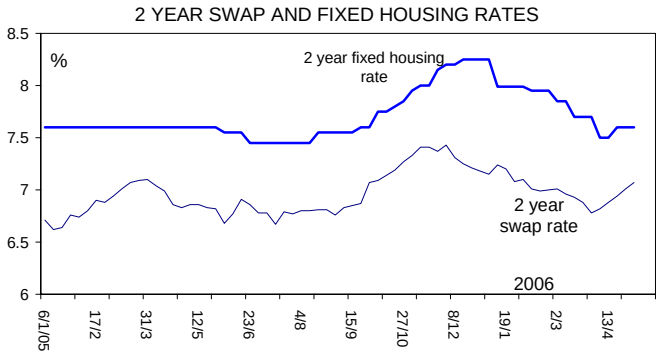
Second, the Federal Reserve chairman clarified his comments earlier this week saying he feels the markets have misinterpreted them and he was not trying to convey the impression that there may be pause in the tightening cycle.

Third, the Reserve Bank of Australia increased their cash rate for the first time since March 2005 this week taking it to 5.75% from 5.5%. The RBA cited continuing above average growth in the world economy with recent increases in forecasts for such growth, rising commodity prices, domestic spending proving stronger than it previously expected, plus an acceleration in credit growth to the household and business sectors.

The move by the Reserve Bank of Australia has significance for us on this side of the Tasman. The stronger the rate of growth in the Australian economy the better the support for the New Zealand economy given that about 20% of our export receipts come from Australia and around half of manufactured exports go there.

These factors offset some weak data on the New Zealand economy. Registrations of cars in April were down by 19% from a year earlier while commercial vehicle registrations were down 24%. The upshot has been that the 90 day bank bill yield has, as usual, remained unchanged near 7.51%. But it would take quite a massive change in market sentiment to get that rate moving these days anyway. What is of greater interest given that most borrowing is undertaken at fixed rates these days is what has been happening in the swap market. Here we have seen a continuation of the upward trend in wholesale fixed borrowing costs in place since the start of April. For instance the two year swap rate has ended this afternoon near 7.07% from 7.01% last week and 6.78% at the start of April.

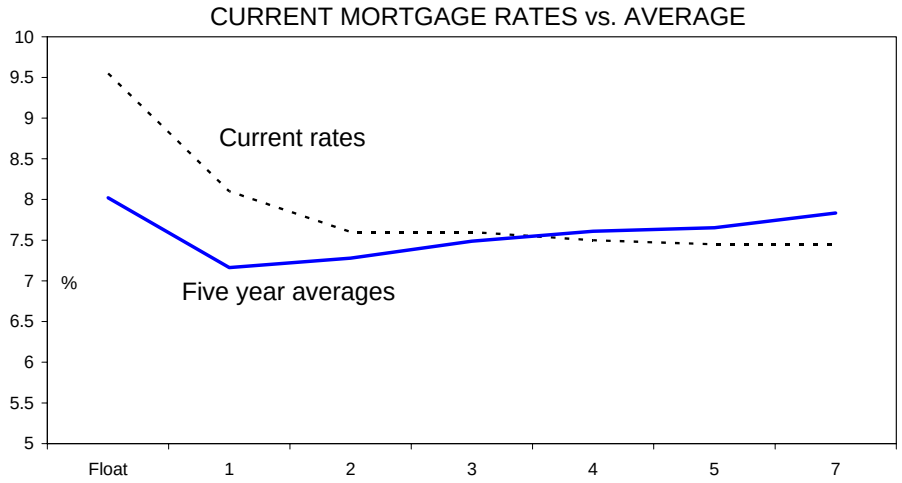




This Friday night the United States non-farm payrolls numbers for the month of April will be released. These are the most important monthly set of numbers released in the US and could easily apply upward or downward pressure to fixed borrowing costs over the coming week. On May 11 we will see New Zealand's quarterly labour market numbers released and while these are not usually large market movers they will give insight into the extent to which the labour market has eased up in New Zealand and therefore will add to the general debate about capacity pressures and inflationary risks.

If I Were a Borrower What Would I Do?

As we have been warning fixed housing rates offered by various lenders have crept up over the past week and it looks like there will be further increases in the short term given the margin contraction evident in the second graph just above. The risk is that rates will continue to creep up in coming weeks in response to generally better than expected economic data in the United States and factors such as rising interest rates in many other countries. If I were a borrower at the moment I would feel attracted to the two year rate at 7.6%. This is partly because while these rates are above their average levels over the past five years they are not too horrible, and history shows nice low fixed rates tend to come around every couple of years or so.



Having said that, there is a lot of uncertainty about where fixed interest rates are going to go over the next couple of years with upside and downside risks reflecting things such as the ever-present possibility of reduced Chinese investment in US government bonds versus slowing US growth with easing United States monetary policy from perhaps next year. Given that we don't really have a view of major changes in foreign rates we might fall back on what is likely to happen in New Zealand. In this regard we expect to see monetary policy easing over 2007 into 2008 which will apply some downward pressure to fixed interest rates. However there is a risk that the Reserve Bank's easing of monetary policy is relatively small with the cash rate falling at best to 5.75% from the current 7.25% level. This means that maybe a couple of years from now the potential downside for fixed borrowing costs is not all that great.

In light of this uncertainty one would have to say that some of the longer term fixed interest rates actually look quite attractive and may suit borrowers wanting to get some certainty in an environment which remains relatively uncertain. Plus it should be recognised that no one around the world has a good track record for forecasting medium to long-term interest rates over the past few years.

Frankly, nothing really jumps out and says to us at the moment that one fixed rate term is unusually superior to another. All we see is scope for all fixed rates to jump up in the very near future and borrowers including those rolling off maturing rates may want to get fixed sooner rather than later.

BNZ Fixed Lending Interest Rates

	Housing	Average Past 5 yrs	Low Past	High 5 years
Float	9.55%	8.00%	6.70%	9.55%
1 yr	8.10	7.16	5.95	8.45
2	7.60	7.28	5.99	8.25
3	7.60	7.49	6.30	8.30
4	7.50	7.62	6.40	8.40
5	7.45	7.65	6.50	8.60
7	7.45	7.83	6.75	8.80

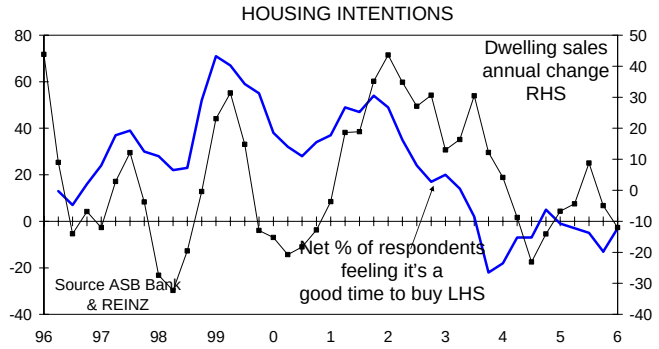
Note: Conditions may apply to these rates.

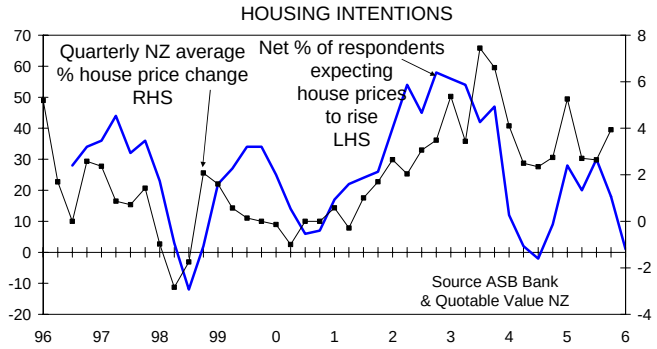
BNZ Term Deposit Rates

Days	$10-50K	$50-100K	$100-250k
30	3.00	3.00	5.25
90	6.20	6.25	6.30
180	6.80	6.85	6.90
1 yr	6.60	6.65	6.70
5 yr	6.10	6.15	6.20

HOUSING MARKET UPDATE

This week the ASB released their quarterly Housing Intentions survey. The survey showed that in the three months to April a net 3% of people felt that it was a bad time to buy a house. This was an improvement from a net 13% feeling that way in the survey for the three months to January and about the same as the net 1% negative reading of a year earlier. A net 1% of people said they expect house prices to rise over the coming three months compared with a net 18% during the December quarter. The two graphs below show that feelings about whether it is a good time to buy or not tend to change after changes in actual house purchases so we don't get too much insight into what the level of activity will be for real estate agents looking forward. The second graph shows that sometimes expectations of price changes alter after actual price changes and sometimes before therefore we cannot read too much into the latest net 1% positive reading except perhaps a hint that the quarterly rate of increase in prices has probably dropped to a very low level.



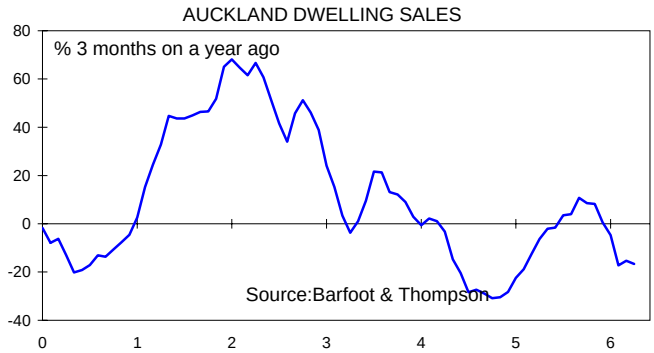


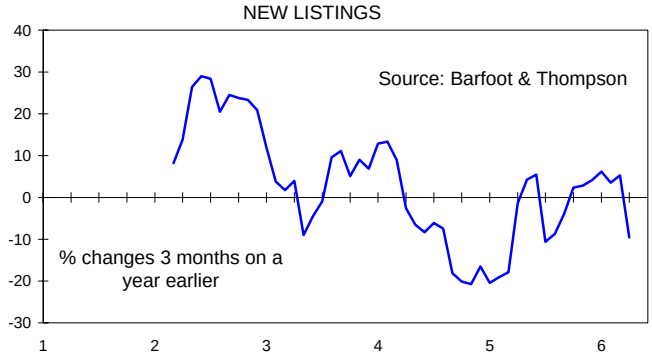
In fact if we look at the average measure for the REINZ median dwelling sale price during the March quarter of $299,000 we can see that this has barely changed from the December quarter average of $296,700. So the quarterly price change has already fallen below 1% and the ASB survey probably just confirms what has already happened.

Barfoot and Thompson Data Show Easing Housing Market

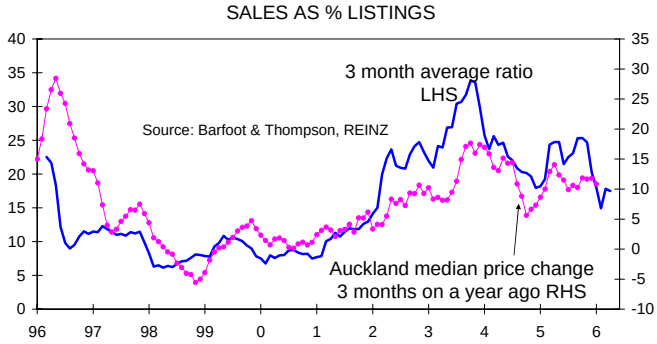
This week Barfoot and Thompson released the monthly data on their residential sales activity in the Auckland market. During April they sold 829 dwellings. This was a 14.3% decline from a year earlier which is broadly in line with other recent annual rates of decline such as close to 9% in December, January and March and 30% in February. The data show a continuing decline in sales activity at a pace which is not accelerating. Perhaps indicating that there is still reasonable strength in the market we saw the median dwelling sale price improve to $483,000 in April from $460,000 in March. This was a 5% improvement from a year earlier and if we take the average sale price over the past three months we see that it was up by just 3.7% from a year earlier. The price data can be quite volatile as evidenced by the $428,000 average sale price in January.

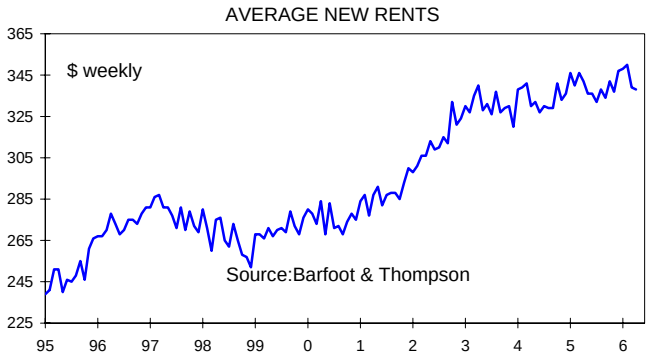
Stepping back from the fray we get the impression that house prices are either flat or very slightly trending upward and this would be consistent with the average dwelling sale price nationwide captured in the REINZ data for the March quarter being up just 0.8% from the December quarter.





The number of properties listed with Barfoot and Thompson at the end of April stood at 5,320. This was an 11.4% increase from a year earlier which was broadly in line with other recent annual rates of increase. The ratio of sales to listings in the month was 15.6%. This was down from 20.3% a year ago and was the lowest such ratio since 9.4% back in April 2001. The data appear to merely back up the easing trend in the real estate market we can already see in the sales numbers and do not indicate a massive rush by sellers to get their property on the market. In fact there is one slightly unusual number in this month's release. The number of fresh listings received during April was down by 41% from a year earlier at 1,156.

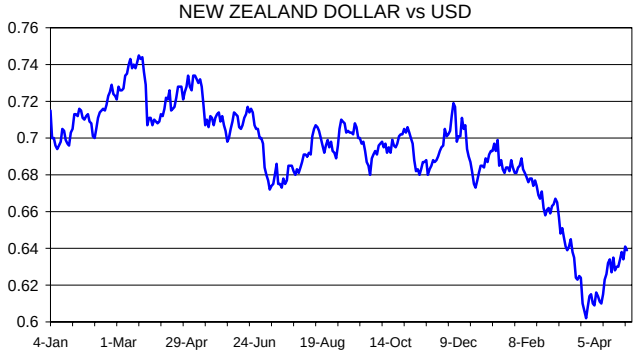


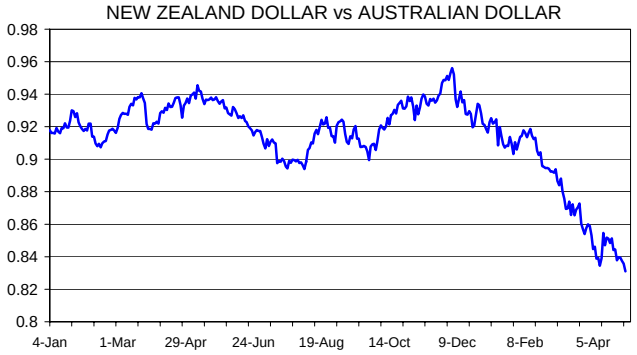


In the rental market things were very quiet with the number of lettings down 16.6% from a year earlier at 529. The average weekly rental was down 1.2% from a year earlier at $338.

EXCHANGE RATES

The Kiwi dollar started the week trading against the greenback at 63 cents and has ended almost one cent higher at 63.9. A month ago the rate was 61 cents so we have seen a reasonable jump in the New Zealand dollar over the past few weeks. This rise has reflected a number of factors. The big one is the markets pulling back from their over-optimistic expectations of when the Reserve Bank of New Zealand will ease monetary policy. But we have also seen profit-taking and position squaring following the sharp currency decline in the previous couple of months plus some weakness in the United States dollar in spite of generally stronger than expected economic data being released over there.





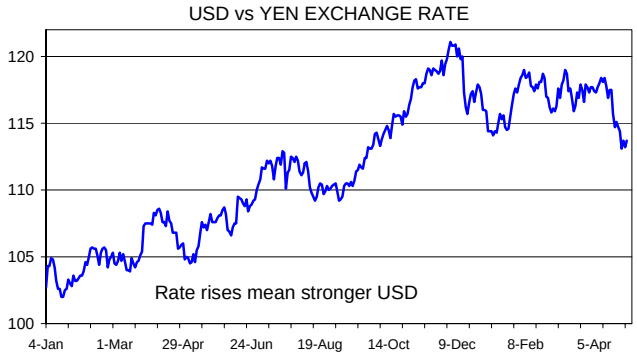
There have been many factors coming together to push the United States dollar lower over the past fortnight. Just over a week ago the communiqué from the Group of Seven meeting of finance ministers contained a comment regarding countries running large current account surpluses needing to embrace greater currency flexibility with a specific reference to China. This led to buying of Asian currencies and selling of others and in particular the United States which runs a trade deficit with China of around $300 billion.

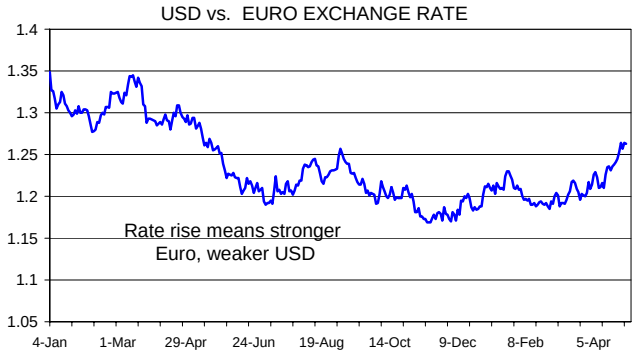
Last week we saw the Chinese authorities lift a business lending rate from 5.58% to 5.85% in an effort to slow growth in capacity construction which brings the risk of a financial system overexposed to underutilised building capacity somewhere down the track.

Expectations of rises in United States interest rates also have taken a step back following the speech to Congress by the Federal Reserve chairman Mr Bernanke. The chairman said that down the track it is possible the Federal Reserve will decide to leave monetary policy unchanged even if the inflation risks are not balanced in order to collect more data to make a more informed decision. He reversed those comments this week but the damage was done.

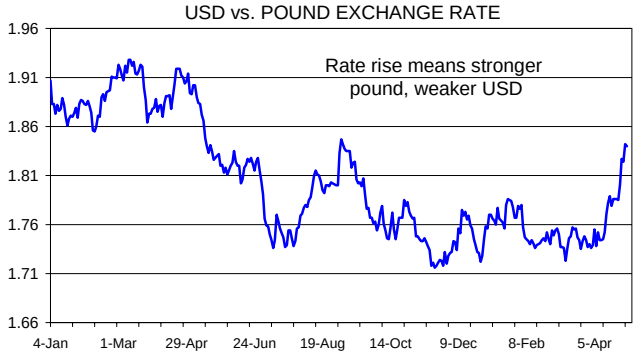
We have also had the central bank of Sweden reducing the proportion of its foreign-exchange reserves held in United States dollars raising once again the perennial issue of where central banks invest their money and at what speed they will start shifting reserves into the euro in particular.

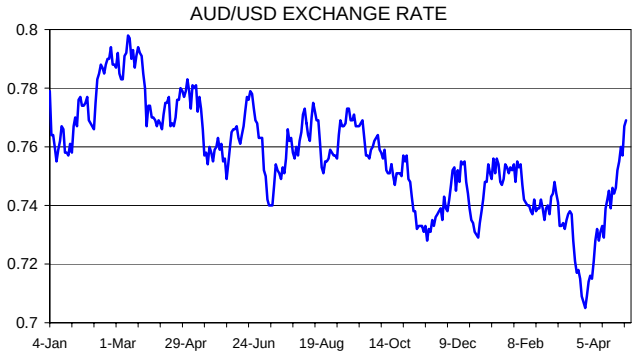
Revealing the generally negative sentiment towards the US dollar the markets have been taking a generally poor interpretation of economic data. For instance news that gross domestic product in the United States grew at an annualised rate of 4.8% during the March quarter rather than an expected 5% generated weakness in the greenback. This was reinforced by the University of Michigan consumer confidence index at the end of April falling to 87.4 from a preliminary reading of 89.2 and a reading of 88.9 and March. But the dollar gained little support following a couple of positive releases on Monday night. The Institute of supply management manufacturing index rose to 57.3 and April which was above March's reading of 55.2 and expected outcome of 54.8. Of importance to monetary policy setting was the prices index which rose to 71.5 from 66.5 in March with companies noting major concerns about rising energy costs.





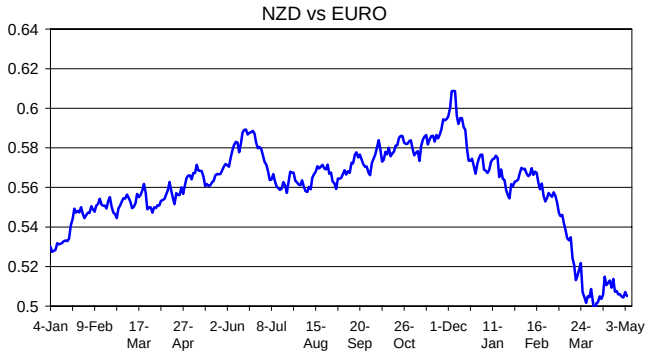
The greenback has ended this week at 113.7 the yen from 114.7 last week. Against the euro the dollar has ended weaker at $1.263 from $1.245 last week. Against the pound the dollar has ended substantially weaker near $1.84 from $1.785.

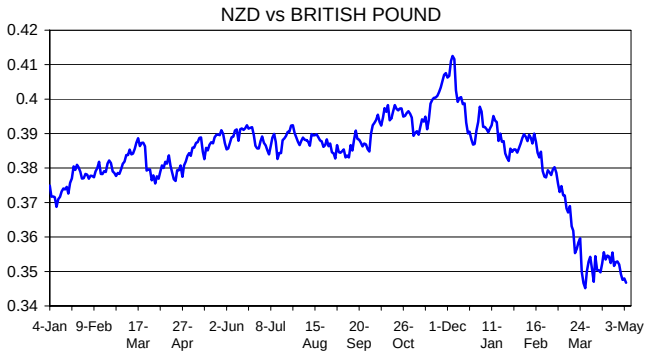




We have also seen a big move in the Australian dollar over the past week closing this afternoon near 76.7 cents from 75.2 cents a week ago and 72 cents a month ago. The Australian dollar has been supported by recent strong increases in export commodity prices plus the move yesterday by the Reserve Bank of Australia to raise their cash rate 0.25% to 5.75%. We don't consider another rate rise to be a done deal at this stage but the risk is that they will need to increase the interest rate again. This means we may see further shrinkage of the interest rate differential between New Zealand and Australia. Given this differential shrinkage plus what we expect to be a relatively stark comparison between the New Zealand and Australian economies over the next couple of years with our economy looking poor, we see firm scope for the New Zealand dollar to lose further ground against a generally strong Australian dollar over the next few quarters.

This week the New Zealand dollar has ended at its lowest level against the Australian currency since May 2002 just over 83.2 cents from 83.8 cents last week and 94.5 cents as recently as early in December. Against the yen we have ended near 72.5 from 72.2 a week ago, against the euro near 50.5 from 50.6 cents, and against the pound near 34.7 pence from 35.3.





BNZ WEEKLY OVERVIEW

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%	0.7	3.3	2.8	1.5
GDP growth	Average past 10 years = 3.3%	-0.1	0.1	2.2	4.4	3.4
Unemployment rate	Average past 10 years = 5.7%	3.6	3.7	.....	3.6	4.6
Jobs growth	Average past 10 years = 2.1%	0.0	1.5	1.6	4.4	2.6
Current a/c deficit	Average past 10 years = 4.9% of GDP	8.9	8.5	.....	6.7	4.3
Terms of Trade		-2.3	-0.4	-1.8	4.4	6.6
Wages Growth	Stats NZ experimental series	1.3	1.7	5.3	5.1	4.9
Retail Sales ex-auto	Average past 9 years = 4.2%.	0.9	1.8	5.1	7.8	5.9
House Prices	Long term average rise 4.2% p.a.	3.9	2.6	15.3	12.2	24.8
Net migration gain	Av. gain past 10 years = 13,000	+9,746	6,960yr	.....	10,013	27,978
		Latest year rate	Prev mth year rate	6 mths ago	Year ago	2 yrs ago
Consumer conf.	10 year average = 8%. Colmar survey	-29	-35	14	-3	-6
Business activity exps	10 year average = 27%. NBNZ	15	5	12	15	20
Household debt	10 year average growth = 11.4%. RBNZ	14.7	14.7	15.3	15.2	16.1
Dwelling sales	10 year average growth = 4.6%. REINZ	-2.9	-22	17	-8.6	5.8
Tourist numbers	10 year average growth = 6.1%. Stats NZ	-3.0	0.9	1.6	10.6	9.2
Floating Mort. Rate	10 year average = 8.5%	9.55	9.55	9.00	9.00	7.50
3 yr fixed hsg rate	10 year average = 8.2%	7.60	7.85	7.70	7.80	6.90

ECONOMIC FORECASTS

Forecasts at Apr 6 2006	**March Years**					**December Years**				
	2005	2006	2007	2008	2009	2004	2005	2006	2007	2008
GDP - annual average % change										
Private Consumption	5.8	3.7	0.8	0.4	1.1	6.5	4.6	1.0	0.5	0.8
Government Consumption	5.2	5.2	4.3	3.2	3.6	5.7	5.3	4.4	3.6	3.1
Investment	7.8	5.6	-0.1	1.8	3.6	13.2	4.3	0.7	1.4	3.1
GNE	6.5	4.1	1.0	1.3	2.3	8.2	4.5	1.2	1.4	1.9
Exports	3.9	0.9	1.8	3.7	4.8	5.6	-0.3	1.9	3.2	4.5
Imports	13.7	5.1	1.0	2.4	3.2	16.6	6.4	0.9	2.4	2.9
GDP	3.7	2.0	1.0	1.7	2.8	4.3	2.2	1.1	1.6	2.4
Inflation – Consumers Price Index	2.8	3.3	3.3	3.3	2.1	2.7	3.2	3.3	3.5	2.2
Employment	3.4	1.7	0.5	0.5	1.1	4.4	1.6	0.6	0.4	0.9
Unemployment Rate %	3.9	3.7	4.1	4.2	4.1	3.6	3.6	3.9	4.3	4.3
Wages	2.9	5.0	4.6	3.5	2.6	1.9	5.1	4.9	3.7	2.8
EXCHANGE RATE ASSUMPTIONS										
NZD/USD	0.73	0.64	0.54	0.59	0.62	0.71	0.70	0.55	0.57	0.61
USD/JPY	105	117	108	106	107	104	119	108	105	108
EUR/USD	1.32	1.20	1.21	1.24	1.23	1.34	1.19	1.21	1.23	1.24
NZD/AUD	0.93	0.88	0.79	0.82	0.84	0.93	0.94	0.81	0.80	0.83
NZD/GBP	0.38	0.36	0.31	0.34	0.36	0.37	0.40	0.32	0.33	0.35
NZD/EUR	0.55	0.53	0.45	0.48	0.50	0.53	0.59	0.46	0.46	0.50
NZD/YEN	76.8	74.6	58.3	62.5	66.3	74.2	82.7	59.4	59.9	66.1
TWI	70.7	65.6	55.6	59.5	62.4	69	71.9	56.7	57.6	61.8
Official Cash Rate	6.5	7.25	6.75	5.75	5.75	6.5	7.0	7.00	6.0	5.75
90 Day Bank Bill Rate	6.86	7.55	6.98	5.88	6.12	6.73	7.49	7.24	6.14	5.95
2 Year swap	6.82	7.0	6.20	6.06	6.20	6.61	7.24	6.35	6.04	6.17
10 Year Govt Bond	6.04	5.71	5.95	5.6	5.7	6.03	5.89	5.95	5.65	5.65

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.