BNZ Weekly Overview

26 October 2006

FINANCIAL MARKETS DATA	This week	Week ago	4 wks ago	3 months ago	Yr ago	10 yr average
Official Cash Rate	7.25%	7.25	7.25	7.25	6.75	6.2
90-day bank bill	7.65%	7.77	7.63	7.51	7.34	6.4
10 year govt. bond	5.87%	5.87	5.64	5.93	5.95	6.5
1 year swap	7.60%	7.81	7.66	7.53	7.43	6.6
5 year swap	7.03%	7.15	6.97	7.02	6.98	7.0
NZD/USD	0.656	0.663	0.669	0.624	0.705	.57
NZD/AUD	0.859	0.889	0.888	0.829	0.93	.86
NZD/JPY	77.9	78.8	77.8	73.1	81.0	66.0
NZD/GBP	0.349	0.355	0.352	0.339	0.395	.34
NZD/EURO	0.519	0.529	0.525	0.496	0.583	.51

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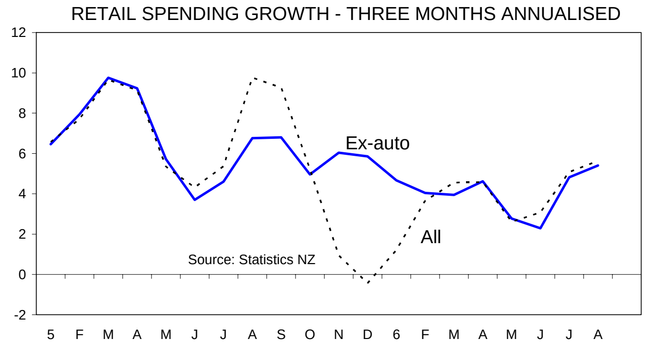
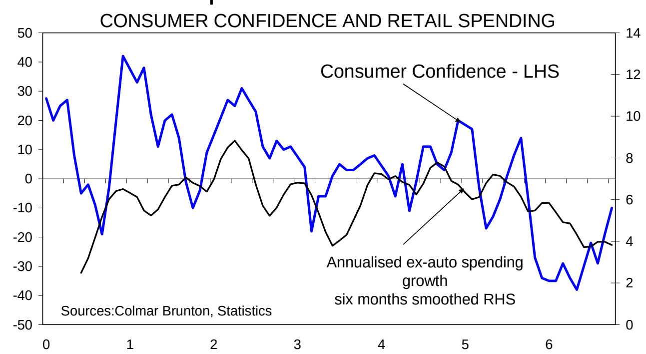
Economic Outlook Acceptable

Exporters received some good news this morning with the Reserve Bank leaving their official cash rate unchanged at 7.25% whereas the markets had almost fully priced in a rise in the rate to 7.5%. In leaving the cash rate unchanged the Reserve Bank warned however that there is still a risk they may need to increase it because inflation risks remain skewed to the upside. The Reserve Bank clearly believe the economy is still growing close to it's potential – and we agree. So let's have a run through of what the most recently released economic indicators are telling us. First, consumer spending is growing at a below average pace. If we annualised the seasonally adjusted rate of growth in retail spending excluding the automotive categories in the three months to August we get a growth rate of 5.4%. This is below the average rate of growth of 6.1% per annum over the previous five years and allowing for the higher rate of inflation shows that consumer spending growth has slowed down. But three months earlier this annualised rate of growth was 2.8%. This acceleration in the rate of growth of retail spending helps explain why the Reserve Bank a few weeks ago had to reintroduce a tightening bias to its monetary policy. Even before petrol prices fell sharply consumers were heading back out to the shops.

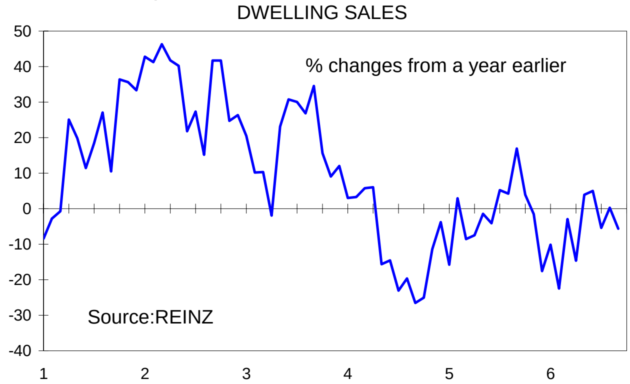


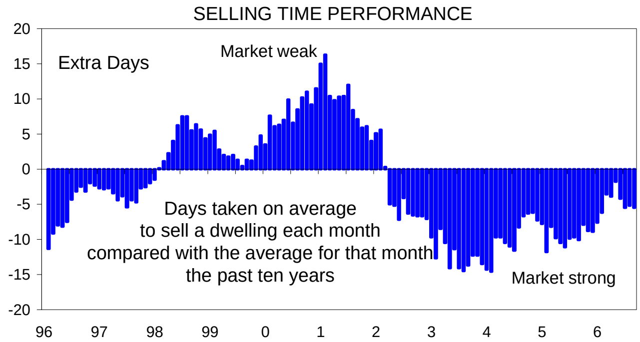


In fact, to the extent that consumer confidence changes correlate with retail spending growth rate changes - and they do - it looks like retailers will enjoy a reasonable Christmas period. Consumer confidence has improved over the past couple of months with the One News Colmar Brunton poll this week improving to a net 10% pessimistic about the economy over the coming year from 19% in September and 29% in August.

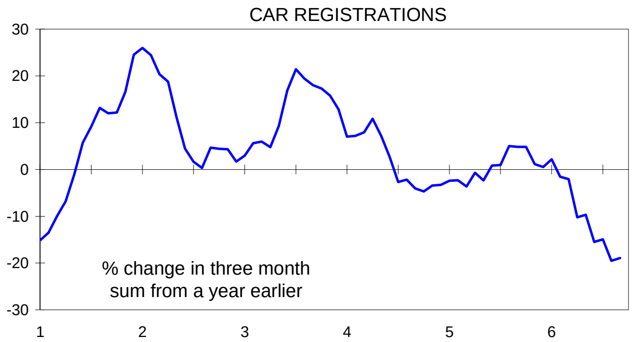
Having said all of this consumers are quite clearly pulling back quite strongly in one key area of spending - motor vehicles. Car registrations during the September quarter were down by 19% from a year earlier.

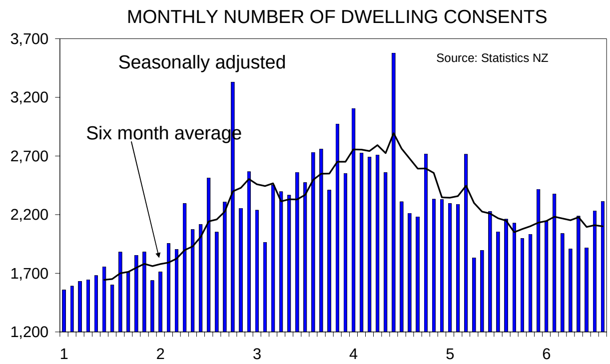
In the housing market over the September quarter the number of dwelling sales was down from a year earlier by 3.6% and off 5.7% for the entire year. This is a very slow rate of decline in dwelling sales and could to some extent be driven by a shortage of properties going by the anecdotal feedback from real estate agents. This shortage scenario in fact is backed up by the average number of days taken to sell a dwelling in September being only four days longer than a year earlier. This was the same rate of decline as in July and August. But whereas in July the number of days taken to sell a dwelling was still 3.8% faster than the average for the July month over the past 10 years, in August this difference was a healthier five days and in September an even healthier 5.4 days. This development is shown in the second graph below by the blue bar extending further below the horizontal zero line.





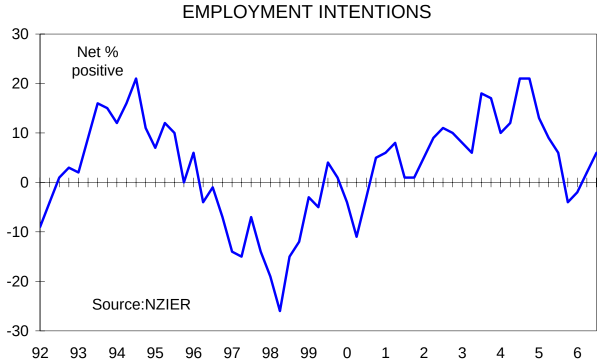
Nevertheless, average dwelling sale prices rose at an annualised rate of 7% in the September quarter compared with 10.3% in the June quarter and 13.5% a year earlier. So house price inflation is slowing but at a very gradual pace. With regard to housing construction things have eased off from the peak of a couple of years ago with the 12 month total of dwelling consents in August standing at 25,728 compared with 33,251 in June 2004. But over the three months to August the seasonally adjusted number of dwelling consents issued was up by 5.3% from the three months to May indicating a small upturn in construction may be underway.

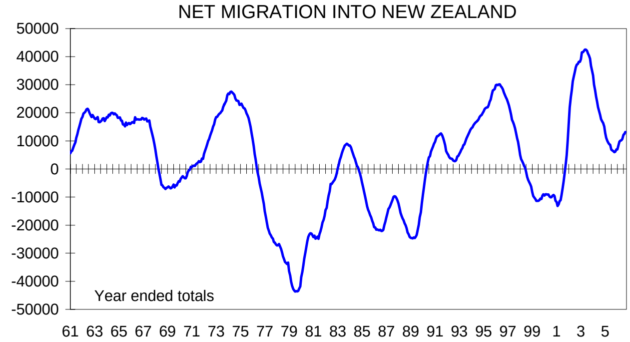




In the labour market things remain relatively firm. In seasonally adjusted terms job numbers increased by 21,000 over the June quarter with the unemployment rate falling from 3.9% to 3.6% and the participation rate rising from 68.5% to a record 68.8%. These numbers show the labour market to be still growing strongly and very tight. We think things are now easing slightly but maybe not by as much as recent redundancy announcements might suggest. The NZIER's Quarterly Survey of Business Opinion for the

September quarter showed that a net 6% of employers plan on hiring more people. This was an improvement from a net 2% positive in the June quarter, 2% negative in the March quarter and 4% negative in the December quarter of 2005. Given that this measure has averaged a positive 4% for the September quarter over the past 10 years it suggests continued firm jobs growth which will be supportive of consumer spending and the housing market.

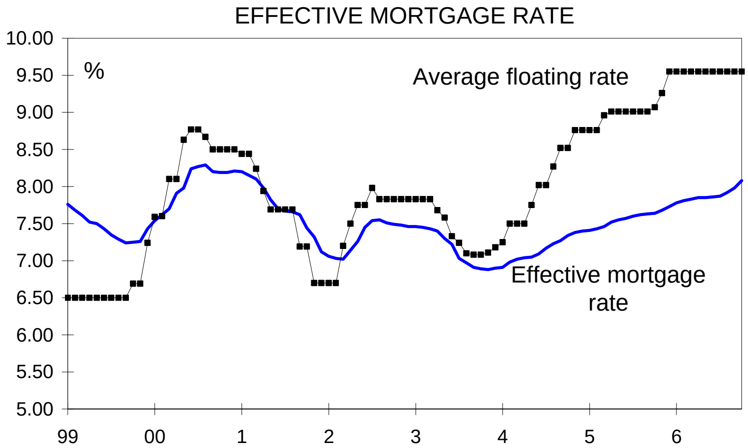




Further support for retail spending and housing is going to come from the recent improvement in net migration inflows. The annual net migration gain improved to 13,210 in September compared with the low for this cycle of 5,987 in October last year. The number of people leaving New Zealand in the September quarter was down from a year earlier by 5.6% while the number of people coming in was up by 8.1%.

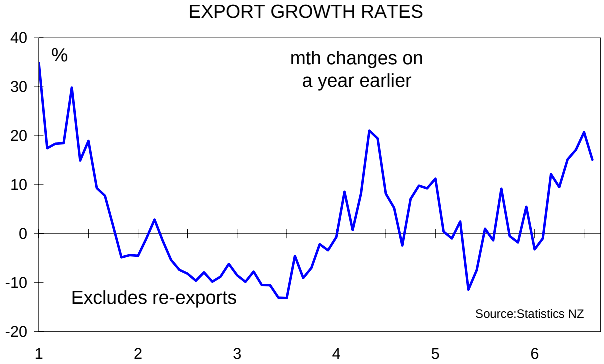
Frankly, the only real things that seems to jump out and suggest that the housing market and retail spending will continue to weaken over the next year or so are a slow rise in the average level of interest rates and perhaps some normal cyclical factors. By cyclical we mean a tendency for consumers to catch up on previous spending they may have delayed when times were rough and then bringing forward spending they may have been planning on doing in the future. These two actions produce the boom part of the retail and housing cycles and then one gets the downward parts of the cycle when consumers grow concerned about their incomes and start delaying spending they were planning on both retail goods and housing assets.

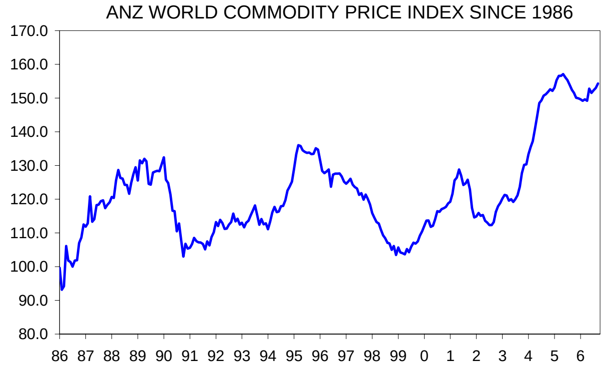
With regard to the average level of interest rates, in September the Reserve Bank estimated an average rate of 8.1% this month for all outstanding fixed and floating rate mortgages compared with 7.85% in April, 7.64% a year ago, and 7.34% two years ago. So restraint is coming from this source and the Reserve Bank estimate this average interest rate will peak at 8.35% in April next year.



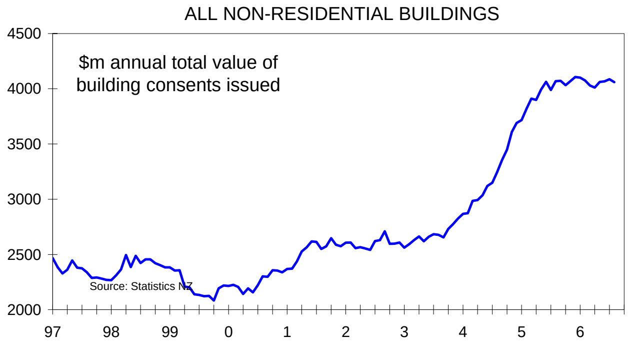
Frankly, unless we get a very sudden reversal in migration flows or reversal of the recent sharp decline in petrol prices and then some it is hard to see a crunch as such in either the retailing or housing markets over the next 12 to 18 months. Instead slightly below average performances are likely.

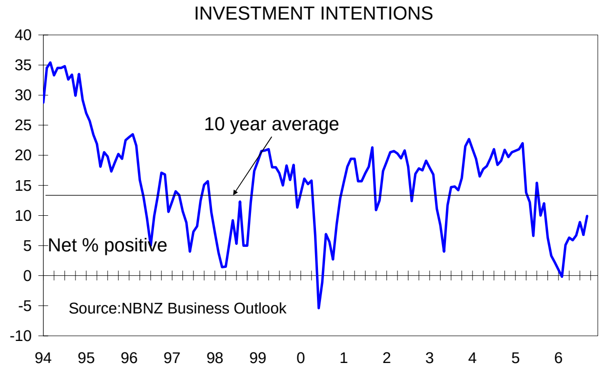
On the export front things are relatively positive with the value of merchandise exports in the three months to August up by 18.9% from a year earlier or around about 8% in volume terms allowing for the fall in the currency. Commodity prices have also been improving recently with the ANZ Commodity Price Index in September up by 1.2% from a year earlier in foreign currency terms and down by only 1.8% from the record level reached in May last year. This index sits about 23% above its average level for the past decade.





With regard to business investment it is hard to get an up to date indicator of what is really happening. If we look at non-residential construction we see that the volume of such activity in the June quarter was down by 5.5% from the June quarter of 2005 but for the entire year to June activity was up by 9.5% from the year to June 2005. The value of consents issued for the construction of non-residential buildings in the three months to August was unchanged from a year earlier and this measure was also unchanged in the year to August from a year earlier. But allowing for cost increases there is a very small volume decline in activity under way which looks quite mild in terms of past cycles for this industry.





With regard to investment in plant, machinery and equipment a lot of guesswork is involved. In the June quarter such investment was down by 0.1% after falling 4.9% in the March quarter and 2.2% in the December quarter of 2005. In addition the value of imports of machinery and plant was down by 8% in August compared with a year earlier and 2% in the three months to August from a year ago. Allowing for the currency decline this suggests a volume decline of well over 10%. However there is some cause for hope. Investment intentions measured in the NBNZ Business Outlook survey improved to a net 9.9% positive in September from 6.8% positive in August though this is still below the 10 year average of a net 12.8% positive. But we know for a fact that businesses need to undertake investment because of the shortage of labour and because the capacity utilisation rate measured in the NZIER's Quarterly Survey of Business Opinion unexpectedly rose in the September quarter to a near record 92.3% from 91.4% in the June quarter.

So what are we have on the positive side?

- Trading partner growth is forecast to remain at an above-average rate next year,
- fuel prices have fallen recently,
- we believe the exchange rate is still trending downward,
- businesses have no choice but to invest to boost productivity,
- fiscal policy is HIGHLY likely to be eased ahead of the late-2008 general election,
- net migration inflows are rising,
- export commodity prices are rising,

- business and consumer confidence levels are improving,
- investment and employment intentions are rising, and
- dwelling consent numbers are trending upward.

And on the negative side?

- Average interest rates are rising slightly,
- expenditure on vehicles is falling quite sharply,
- the exchange rate remains over-valued, and
- farmers are pulling in their horns quite a bit amidst worries about the high currency and forecasts of El Niño.

It is a big ask to conclude that the outlook for the New Zealand economy is particularly bad over the next couple of years. On the demand side things appear acceptable but on the supply side things are bad and getting worse (labour shortages, near record capacity utilisation, shortages of electricity, businesses scrambling for good commercial premises, and clogged roads). So this is what we see.

- Inflation averaging close to 3% in the near future because of supply constraints. This means continued firm growth in business and household expenses.
- A tight labour market forcing businesses to borrow and invest in productivity enhancing machinery and premises with good wages growth for employees.
- Acceptable conditions for all but the most over-optimistic and over-stocked retailers but definitely some risks for retailers of durables like whiteware, brownware, and motor vehicles.
- High short term interest rates through all of 2007 and potentially much of 2008.
- Fixed interest rates edging down slightly over 2007 mainly due to our expectation of easing United States monetary policy from the middle of next year.
- The Kiwi dollar continuing at overvalued levels on average through much if not all of 2007 and little boost to exports likely from the limited scope for weakness beyond slightly below average levels over 2008.
- House prices almost ceasing to rise on average but with falls in areas where prices have become well out of line with fundamentals such as average wages and where the boom may have been the greatest in the past five years.

Our main suggestions for business people reading this are

- try to increase selling prices wherever possible because costs are going to keep on increasing and margins are already very tight,
- increase one's strategic focus on resource acquisition and quality improvement perhaps through investment in machinery etc, and if necessary easing off for a while in expenditure on new customer acquisition.

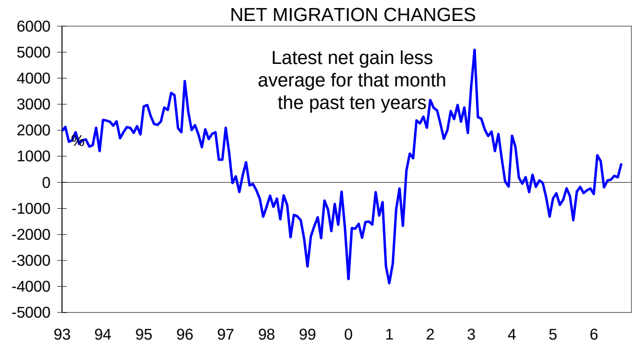
Most of all businesses should recognise that unique factors combined to deliver superlative growth in the New Zealand economy over the past few years but that growth is not going to return for a long period of time because of the absence of highly cyclical declines in interest rates and the exchange rate over the next three years and because the resources in the form of labour, electricity, roading space, machinery, and premises are not physically available to allow such growth. Low growth revenue scenarios should be used for planning purposes.

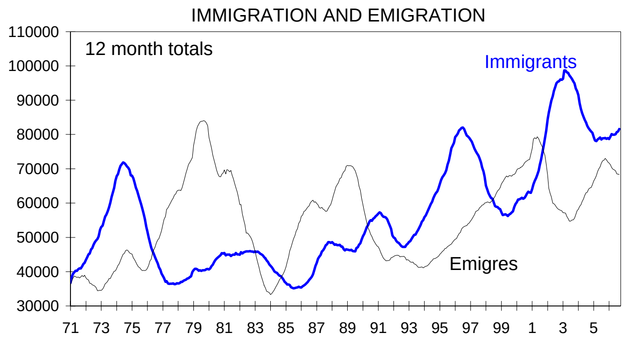
THE WEEK'S ECONOMIC DEVELOPMENTS

Friday 20

Migration Flows Continue to Increase

There was a net addition to New Zealand's population from permanent and long-term migration flows in September of 2,660 people. This was 710 more than the net gain of a year earlier and took the annual net migration gain to 13,210 from 12,500 in the year to August and 6,398 year ago. If we look at the September quarter as a whole we see that the number of people coming to live permanently in New Zealand was ahead of a year earlier by 8.1% while the number of people leaving permanently was down by 5.6%. So as is usual for these numbers both sides of the ledger are moving to give the same influence on the net result. The net migration inflow has been improving since November last year and is now running at levels above that which any of us have been assuming in recent times. As such this implies a few extra people to enter the workforce but we suspect that the disinflationary effect of this factor will be well offset by the extra support being delivered to retail spending, consumer confidence, and the housing market in particular. As such the result increases the chances that interest rates will go higher and not come down for a substantial period of time. Again, as we have been warning for so long now, this is bad news for the exporting sector as the exchange rate will continue to be held at high levels by high short term interest rates in New Zealand.

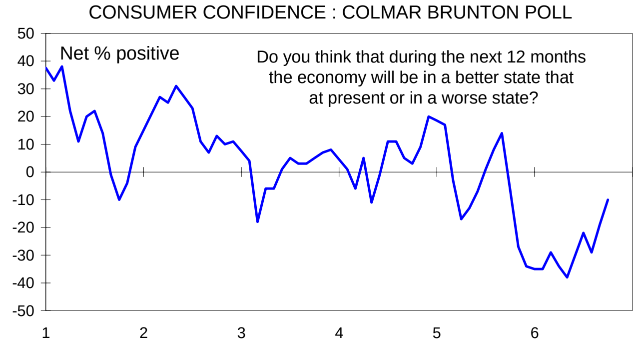


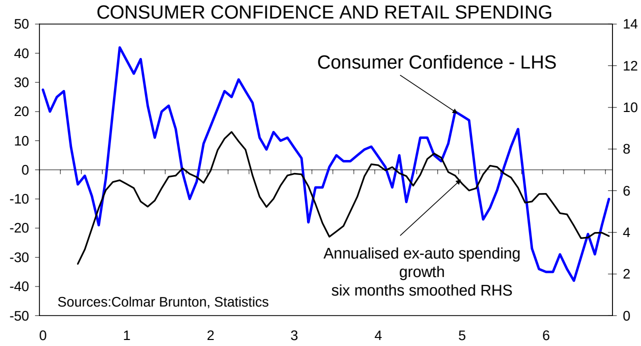


Monday 23

Consumer Confidence Improves Again

The One News Colmar Brunton poll reported a rise in consumer confidence in October to a net 10% expecting the economy to deteriorate over the coming year compared with 19% in September and 29% in August. This measure has averaged -1% over the past five years so the latest result remains consistent with below average growth in retail spending. But the improvement in sentiment over the past couple of months, probably driven mainly by the sharp fall in petrol prices, bodes well for retailers this Christmas.

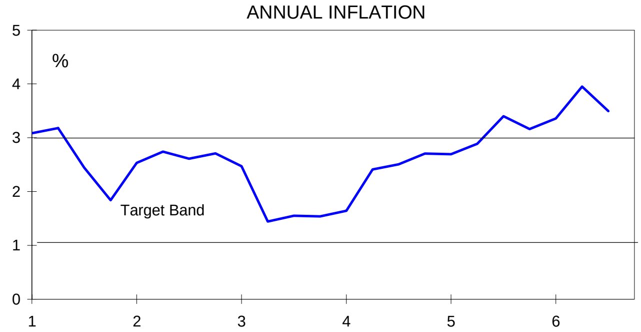




Wednesday 25

Inflation Rate Eases Slightly

The Consumers Price Index rose by a slightly lower than expected 0.7% in the September quarter to take the annual rate of inflation in New Zealand to 3.5% from 4% in the June quarter. Food and housing related items were a major contributor to the quarterly increase with a decrease in transport costs. With the economy growing at worst at a slightly below trend rate at the moment, wages growth likely to remain high because of the tight labour market, only a gradual cyclical easing in the housing market, the feed through of further currency depreciation to come eventually, and seemingly never-ending increases in the likes of local authority rates and electricity charges we do not expect the annual rate of inflation to go below 3% until 2008.



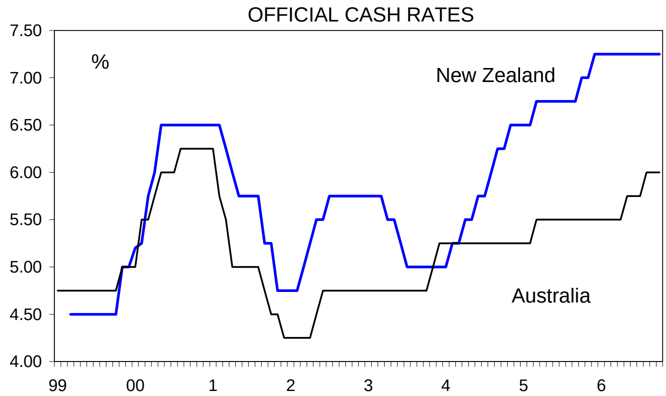
Thursday 26

Monetary Policy Unchanged

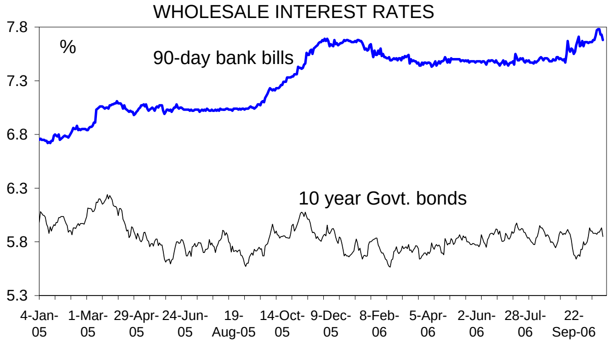
In contrast to market expectations that the Reserve Bank would raise its official cash rate by 0.25% it was left unchanged at 7.25%. However the Reserve Bank retained their strong warning from the last review. “In this regard, the policy outlook is little changed from our September statement. The balance of inflation risks remains skewed to the upside. Further monetary policy tightening cannot be ruled out, and any easing of policy remains a considerable way off.”

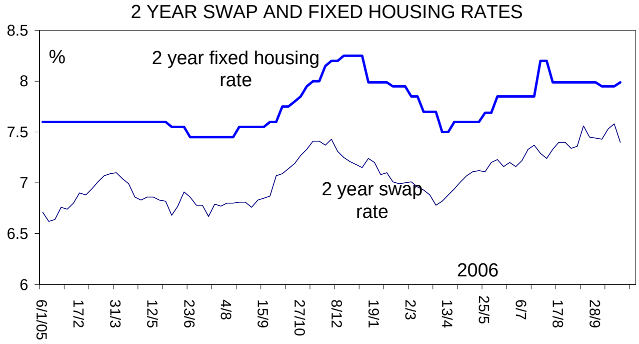
INTEREST RATES

The key event for the New Zealand interest rate markets this week was the review of the official cash rate this morning by the Reserve Bank. The markets had become convinced that the cash rate would be increased from 7.25% to 7.5% whereas we assigned only a 50% probability at most to this happening. As it turns out the cash rate was left unchanged at 7.25% and as a result we have seen the sell off in wholesale interest rates in the New Zealand market earlier this week reverse and then some. For instance 90-day bank bill yields peaked near 7.79% earlier this week but closed this afternoon near 7.6% from 7.66% a fortnight ago and 7.6% a month ago.



The two year swap rate at which we banks borrow to lend fixed for two years has ended near 7.40% compared with 7.63% yesterday, 7.53% a fortnight ago and 7.4% a month ago.





While the Reserve Bank left their cash rate unchanged they have made it perfectly clear that they don't believe conditions will be right for any monetary policy easing for a very long time and there is still a chance they may need to raise the rate again. We assign at best a 40% probability to another increase occurring and don't expect monetary policy to start easing until September next year at the earliest.

"Taking all of this into account, monetary policy pressure will need to be maintained for some time to bring inflation back sustainably within the 1-3 percent target band. In this regard, the policy outlook is little changed from our September statement. The balance of inflation risks remains skewed to the upside. Further monetary policy tightening cannot be ruled out, and any easing of policy remains a considerable way off."

US bond yields rose slightly this week in response to growing discussions about the Federal Reserve keeping interest rates at high levels for longer than previously thought. But the worst of these worries eased slightly this morning when the Federal Reserve left their funds rate unchanged for the second six weekly meeting in a row at 5.25%. In their comments the Fed. said "Economic growth has slowed over the course of the year, partly reflecting a cooling of the housing market,…" "Going forward, the economy seems likely to expand at a moderate pace." And that though " some inflation risks remain" " inflation pressures seem likely to remain moderate over time" the markets expect there will only be one cut in the funds rate some time later 2007. But our view is that with signs of slowing in the US housing market a series of three cuts is likely from the middle of next year. If we are right then at some stage the markets themselves are likely to revert to thinking this way and this will cause a rally in US interest rates which will feed through into lower fixed borrowing costs here in New Zealand. This is a key reason why we expect to see fixed interest rates slowly declining over 2007 though it is impossible to say when this cyclical decline will start to kick in. The first half of next year rather than before the end of this year seems most probable.

If I Were a Borrower What Would I Do?

Although the absence of a tightening of monetary policy this morning has come as a surprise to the financial markets I would not expect a fresh round of cuts in fixed housing interest rates as margins are very low already. If I was borrowing for my own house at the moment I would fix two years at 7.99% but if I was borrowing for my investment property I would look out towards the five-year area.

BNZ Fixed Lending Interest Rates

	Housing	Average Past 5 yrs	Low Past	High 5 years
Float	9.55%	8.18%	6.70%	9.55%
1 yr	8.40	7.32	5.95	8.45
2	7.99	7.34	5.99	8.25
3	7.89	7.51	6.30	8.30
4	7.79	7.61	6.40	8.40
5	7.70	7.63	6.50	8.60
7	7.70	7.78	6.75	8.80

Note: Conditions may apply to these rates.

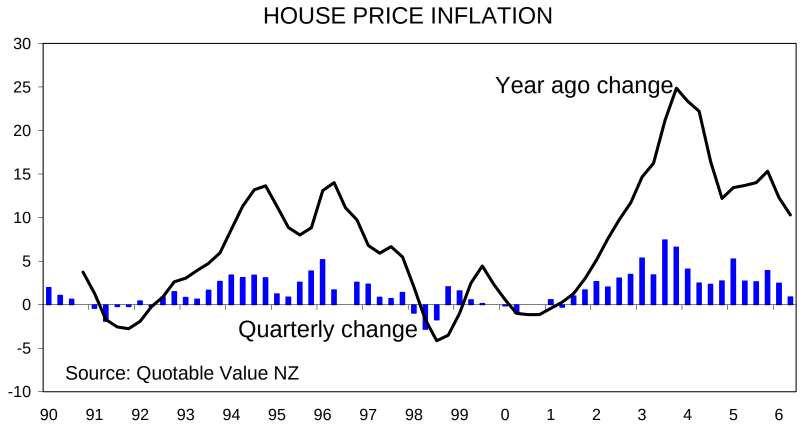
BNZ Term Deposit Rates

Days	$10-50K	$50-100K	$100-250k
30	3.00	3.00	5.25
90	6.20	6.25	6.30
180	6.90	6.95	7.00
1 yr	7.10	7.15	7.20
5 yr	6.20	6.25	6.30

HOUSING MARKET UPDATE

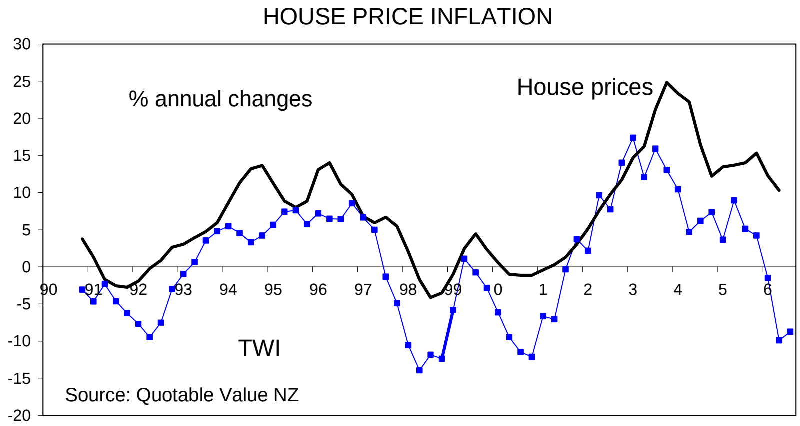
House Price Slowdown Confirmed

Data released this week by quotable value New Zealand show that the average New Zealand house price increased by just 0.9% during the June quarter after rising 2.5% in the March quarter and 3.9% in the December quarter last year. This is the lowest quarterly rate of increase in house prices since the 0.3% fall recorded in the June quarter of 2001 and takes the annual rate of house price inflation down to 10.3% from 12.3% in March and 13.7% a year earlier. This is the slowest annual rate of house price inflation since 9.8% in September quarter 2002.



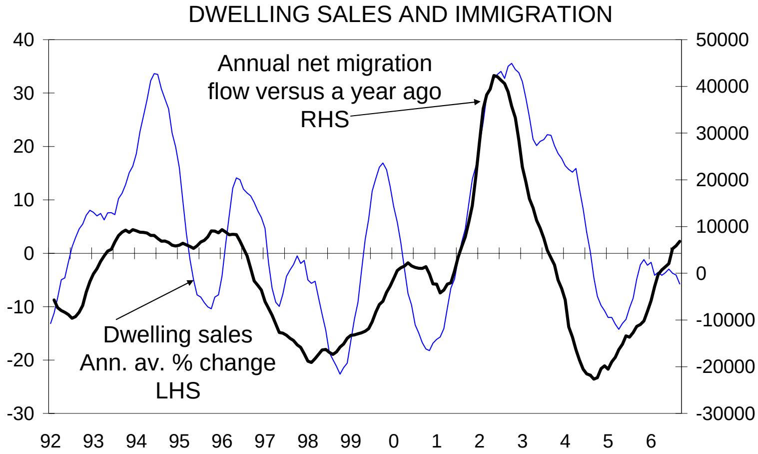
The data are fairly out of date and merely confirm the slowing in house price inflation we have already seen by smoothing out the monthly data released by REINZ. But as we well know not all regions experience house price inflation at the same rate. Average house prices in Otorohanga have increased by just over 50% in the past year but they fell by 3.5% in Kaikoura. Auckland house prices increased to 0.7% in the quarter and 8% over the year. Wellington prices increased 1.5% in the quarter and 11.9% in the year, Christchurch 2.1% and 9.5%, while in Dunedin prices fell 0.7% in the quarter to be just 6.3% ahead of a year ago.

This following graph shows the broad correlation which exists between annual changes in the exchange rate as measured by the trade weighted index and annual house price inflation. The weakening in the Kiwi dollar from a year ago correlates with the easing in house price inflation. But a gap does appear to have opened up between the exchange rate movement and house price inflation suggesting significant downside risk to the rate of house price inflation in the near future.



Migration Inflows Continue to Support Higher House Prices

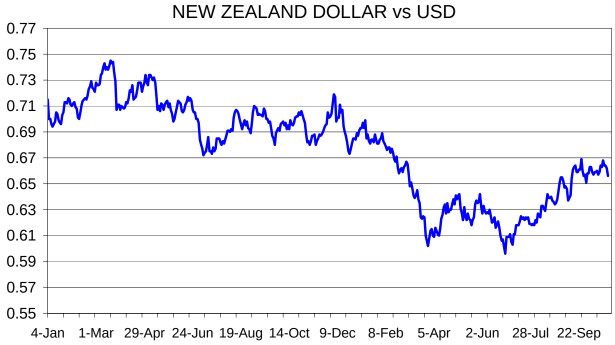
Data released this week provided yet another good reason for not bailing out of one's investment properties. The net migration inflow into New Zealand has increased from just 5,987 people in October last year to 13,210 in September this year. There is an upward trend in net migration inflows which is not at all what we were expecting to see. It looks like the tight New Zealand labour market may be encouraging a good number of people to stay around and take their chances here rather than overseas while the attractions of living and hugging trees in New Zealand appear to be higher to foreigners than we were thinking. It doesn't really matter what the causes are all that really matters from the housing market point of view is that population growth continues to run at a firm level. Given that many investors are well aware of the impact which migration flows can have on the housing market the fact that the net migration inflow is running at above average levels and improving suggests that the confidence of residential property investors will be underpinned in the near term.

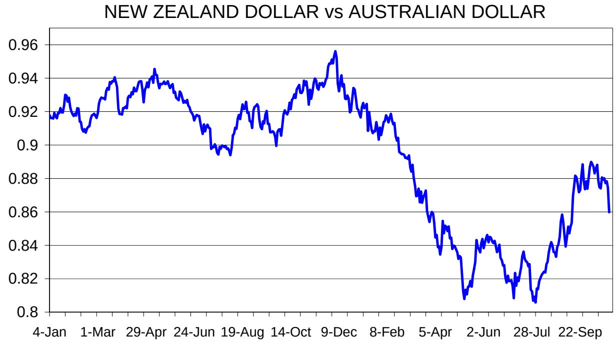


But given that it is the housing market which the Reserve Bank most wants to see slowing down in the economy and the data show they are not hurriedly getting what they have been trying to achieve over the past three years it is likely that short term interest rates will remain high for the next few quarters.

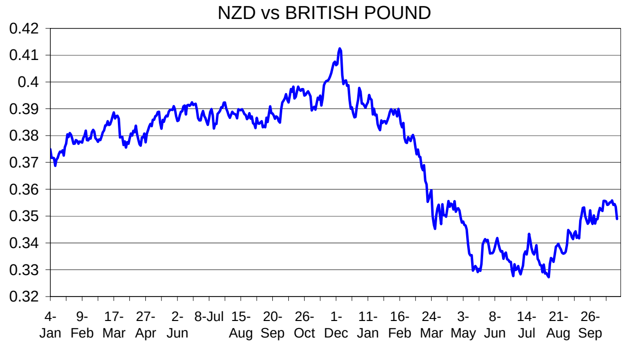
EXCHANGE RATES

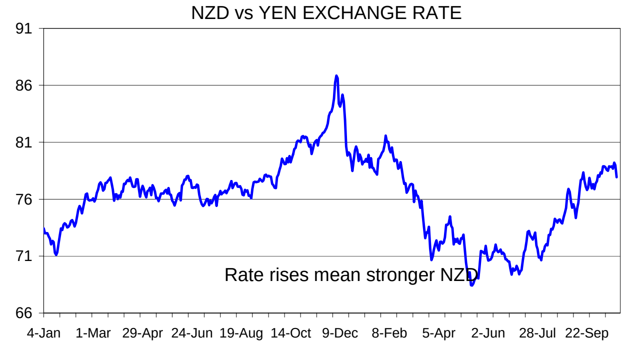
Exporters received some good news today with the Kiwi dollar declining slightly against the greenback to close this afternoon near US 65.6 cents compared with US 66.3 cents last week. Part of the decline happened yesterday when the September quarter Consumer Price Index increased by slightly less than the market expected. But the bulk of the fall happened today after the Reserve Bank left the official cash rate unchanged at 7.25%. The markets had near fully priced in a lift in the cash rate to 7.5%. But at the same time as New Zealand's inflation printed below expectations and the cash rate was left unchanged, across the Tasman the inflation number reported yesterday was slightly higher than expected at 0.9% for the quarter and 3.9% for the year. This has led to a strong expectation that in two weeks time the Reserve Bank of Australia will lift their cash rate to 6.25%. The resulting adjustment in market expectations of the interest rate differential between the New Zealand and Australian currencies saw the Kiwi dollar finish this afternoon just below 86 cents against the Australian dollar compared with just over 88 cents 10 days ago.

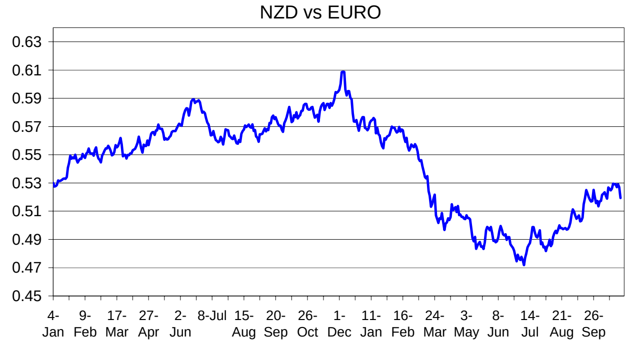




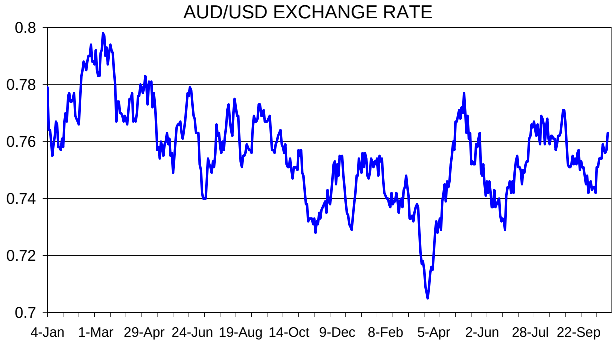
The Kiwi dollar has also ended lower against other currencies finishing this afternoon against the British pound near 34.9 pence compared with 35.5 last week, against the Japanese yen near 77.9 from 78.8, and against the euro near 51.9 cents from 52.9 cents.

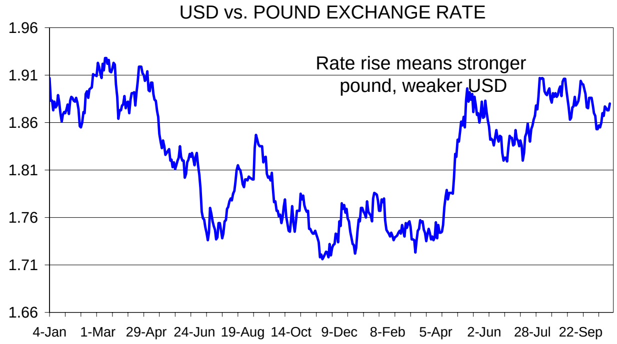




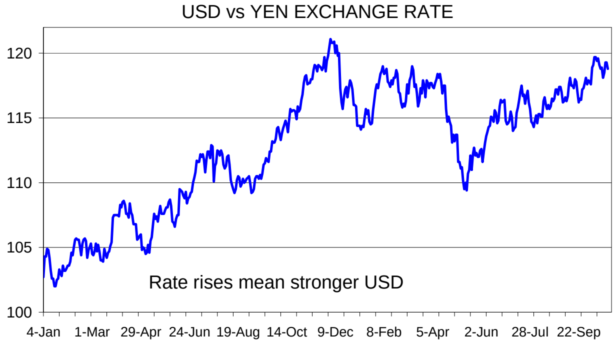


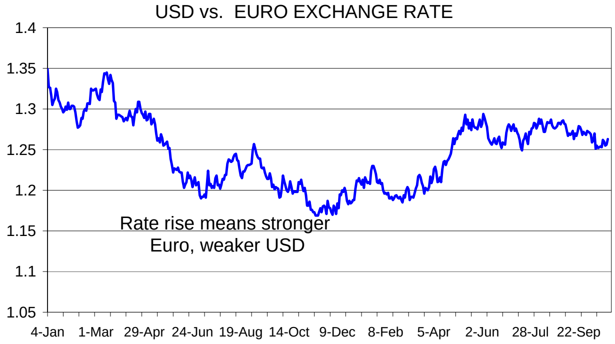
In the short term there is a risk that the Kiwi dollar loses a bit more ground however it has to be remembered that because the Reserve Bank is not expected to cut New Zealand's official cash rate until September next year at the earliest the Kiwi dollar is still going to enjoy a strong level of interest rate support in coming quarters. In order to get any substantial fall in the Kiwi dollar it would probably take an unexpected decline in commodity prices or some shock news on the economy - none of which we expect.





On the back of heightened expectations of a tightening of Australian monetary policy the Australian dollar has ended this afternoon against the greenback near 76.3 cents compared with 75.4 cents last week. There have been no major data releases in the United States this week but the US dollar lost some ground after news last night of a slightly greater than expected fall in existing home sales in September plus the decision of the Federal Reserve to leave their funds rate unchanged for the second month in a row at 5.25%.





The greenback has ended practically unchanged against the Japanese yen at 118.8, down against the British pound at $1.88 from $1.87 last week, and weaker against the euro at $1.263 from $1.253 last week.

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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	0.7%	1.5	3.5	3.4	2.5
GDP growth	Average past 10 years = 3.3%	0.5	0.8	1.9	3.0	4.4
Unemployment rate	Average past 10 years = 5.7%	3.6	3.9	......	3.6	4.0
Jobs growth	Average past 10 years = 2.1%	1.0	1.1	3.0	3.0	3.1
Current a/c deficit	Average past 10 years = 4.9% of GDP	9.7	9.5	......	8.0	5.1
Terms of Trade		0.7	0.8	-1.3	1.0	7.2
Wages Growth	Stats NZ experimental series	1.1	1.3	5.5	4.8	4.3
Retail Sales ex-auto	Average past 9 years = 4.2%.	0.7	0.8	4.8	7.0	6.3
House Prices	Long term average rise 5% p.a.	0.9	2.5	10.3	11.3	25.9
Net migration gain	Av. gain past 10 years = 13,000	+13,210	12,500yr	......	6,398	17,757
		Latest year rate	Prev mth year rate	6 mths ago	Year ago	2 yrs ago
Consumer conf.	10 year average = 8%. Colmar survey	-10	-19	-34	-7	3
Business activity exps	10 year average = 27%. NBNZ	15	6	5	16	29
Household debt	10 year average growth = 11.4%. RBNZ	13.7	13.8	14.6	15.1	15.9
Dwelling sales	10 year average growth = 4.6%. REINZ	-5.6	0.3	-2.9	17.0	-26.5
Tourist numbers	10 year average growth = 6.1%. Stats NZ	1.7	3.3	-3.0	1.6	8.6
Floating Mort. Rate	10 year average = 8.5%	9.55	9.55	9.55	9.00	8.50
3 yr fixed hsg rate	10 year average = 8.2%	7.89	7.89	7.60	7.60	7.65

ECONOMIC FORECASTS

Forecasts at Oct. 19 2006	March Years					December Years				
	2005	2006	2007	2008	2009	2004	2005	2006	2007	2008
GDP - annual average % change										
Private Consumption	5.7	4.5	1.2	0.4	0.9	6.4	4.9	1.9	0.5	0.6
Government Consumption	4.5	5.4	4.4	2.2	3.9	5.7	4.6	4.6	3.0	3.1
Investment	8.1	5.6	-5.3	1.3	3.7	13.4	4.2	-3.0	-0.5	3.1
GNE	6.3	4.5	-0.3	1.2	2.3	8.1	4.5	0.4	1.0	1.9
Exports	3.8	-0.1	4.3	3.8	4.9	5.4	-0.5	2.5	4.2	4.8
Imports	12.8	5.0	-2.2	2.3	3.0	16.4	6.2	-2.3	1.9	2.7
GDP	3.7	2.2	2.0	1.6	3.0	4.4	2.2	1.8	1.5	2.6
Inflation – Consumers Price Index	2.8	3.3	3.4	3.2	1.9	2.7	3.2	3.2	3.6	1.9
Employment	3.4	2.6	1.3	0.7	1.4	4.4	1.5	2.3	0.6	1.1
Unemployment Rate %	3.8	3.9	3.9	4.1	4.0	3.7	3.6	3.7	4.0	4.1
Wages	2.9	4.6	5.1	3.5	2.6	1.9	5.1	5.0	3.7	2.8
EXCHANGE RATE ASSUMPTIONS										
NZD/USD	0.73	0.64	0.61	0.54	0.57	0.71	0.70	0.63	0.54	0.57
USD/JPY	105	117	107	103	105	104	119	112	103	105
EUR/USD	1.32	1.20	1.29	1.29	1.24	1.34	1.19	1.28	1.30	1.24
NZD/AUD	0.93	0.87	0.85	0.76	0.78	0.93	0.94	0.85	0.76	0.78
NZD/GBP	0.38	0.36	0.33	0.30	0.32	0.37	0.40	0.34	0.29	0.32
NZD/EUR	0.55	0.53	0.47	0.42	0.46	0.53	0.59	0.49	0.42	0.46
NZD/YEN	76.8	74.6	65.3	55.6	59.9	74.2	82.7	70.6	55.6	59.9
TWI	70.7	65.6	60.7	53.6	57.2	69	71.9	62.9	53.5	57.2
Official Cash Rate	6.5	7.25	7.25	6.50	6.00	6.5	7.0	7.25	6.75	6.00
90 Day Bank Bill Rate	6.86	7.55	7.39	6.56	6.08	6.73	7.49	7.42	6.81	6.06
2 Year swap	6.82	7.0	6.75	6.26	6.22	6.61	7.24	7.17	6.34	6.21
10 Year Govt Bond	6.04	5.71	6.00	5.85	5.70	6.03	5.89	5.90	5.90	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.