

Data and event previews - Australia and New Zealand

Date ^(a)	Data/event	Forecast			Comment
		JPMorgan	Consensus	Previous	
Tuesday, 19 August (8:45am)	NZ PPI (Q2, q/q)	2.0	na	2.3	Producer input prices in New Zealand likely rose 2.0%q/q in 2Q after spiking 2.3% in 1Q. Output prices probably grew 1.3%q/q, slowing from 1.8% previously. The significantly faster rate of growth in input prices relative to output prices suggests producers still are finding it difficult to pass rising costs on to consumers; this is leaving profit margins squeezed, although this is not surprising given the recent sharp slowdown in domestic demand. Despite significant pipeline pressures, the RBNZ has embarked on what is likely to be an extended easing cycle. We maintain our forecast that the RBNZ will cut the OCR by 25bp in September, October, and December, taking the key rate to 7.25% by year end.
Tuesday, 19 August (11:30am)	RBA Board minutes	na	na	na	The release of the minutes of the RBA's Board meeting from earlier this month should provide further confirmation that the next move in the cash rate will be a 25bp cut in September. That said, the Board minutes are unlikely to provide many revelations—the statement released earlier this month announcing an unchanged cash rate made clear that the emphasis of policymakers has shifted decisively in favour of cushioning the downside for the economy, at the expense, at least in the near term, of focusing on inflation. RBA officials still believe the prevailing policy rate is appropriate—if not, they would have adjusted the policy rate earlier this month—but the scope to move to a less restrictive policy rate clearly has increased. We characterise the first move down in the cash rate in September as RBA officials removing their collective foot from the brake on the economy, not stepping on the accelerator. Indeed, the RBA will move in measured steps, with each move dependent on the data flow and the behaviour of the banks. The easing cycle probably will end with the policy rate still above neutral.
Thursday, 20 August (8:45am)	NZ visitor arrivals (July, m/m)	na	na	-1.4	Visitor arrivals probably will slow in August, owing to rising travel costs. According to Bloomberg, jet fuel prices increased 60% in the year to March. A slowdown in the tourism industry will be another key drag on economic growth given that tourism accounts for 10% of the economy.
Thursday, 20 August (8:45am)	NZ credit card spending (July, m/m)	na	na	3.3	New Zealand credit card spending growth slowed to 3.3% annually in June from 5.9% recorded in May, and probably will remain weak in July given monetary conditions remain tight.
Friday, 19 August (11:30am)	Aust. new vehicle sales (July, m/m)	-3.0	na	1.0	Vehicle sales rose in June as the increase in the luxury car tax pulled purchases forward from later months. Car sales probably fell 3% in July, as sales of higher-priced vehicles dropped sharply as the new tax rate kicked in.

(a) Australian Eastern Standard Time.