BNZ Weekly Overview

4 June 2009

Mission Statement

To help Kiwi businesspeople and householders make informed financial decisions by discussing the economy and its implications in a language they can understand.

In this week's issue….

The Weekly Overview is written by Tony Alexander. The views expressed are my own and do not purport to represent the views of the BNZ. To receive the Weekly Overview each Thursday night email me at tony.alexander@bnz.co.nz with 'Subscribe" in the Subject line.

Survey Week

This is the first Weekly Overview for June so we are once again running our monthly survey. This survey yields a very quick up to date measure of how people are feeling about the economy right now, so if you have not already done so using the email for sending this issue out, please cut and paste the URL below into your browser, click on it, and let us know whether you think the economy will get better or worse over the coming year. If time permits pen a sentence telling us how things are at the moment in your particular industry specifying what that industry is. The results will be released probably on Monday.

http://survey.usuite.com/survey/7f801dd05f3742619b046cc119c15106.sur

This week has seen a continuation of the stream of green shoots releases offshore showing economies shrinking at a lesser rate and leading to increasing expectations that growth will resume by the end of the year. While one has to treat these releases with high caution and there is a risk things dip back into bad territory before sustainable growth returns, investors have for almost three months now been shifting their funds to back the green shoots scenario.

This has meant buying shares and so share prices have risen strongly from their early March lows. It has also meant building expectations of higher credit demand and tighter monetary policies globally from perhaps late-2010 and this has led to increases in medium to long term wholesale borrowing costs. This explains why swap rates in New Zealand for periods of two years and beyond are now either close to or above their levels in early-April when the Reserve Bank expressed concern about them. The two year swap rate for instance is now over 3.6% from just under 3.8% back then while the five year rate is now near 5.15% from under 4.9%. Hopefully borrowers got themselves fixed back in late-March.

The shifting of funds to back the green shoots theory also explains the massive jump in the NZD in recent weeks. The willingness to embrace more risky assets has meant selling of the greenback against everything because it has in recent months been the "safe-haven" currency. This status arose because the economies of Japan and Europe have been in far worse state than the US recently.

The shifting of funds has also meant buying of the NZD outright against other currencies – and especially against the Japanese Yen as we have been warning. Japanese investors get around 0% for holding Yen whereas returns in NZDs are far higher. The NZD has recently been at cyclically low levels against the Yen so downside currency risk from pursuing a yield-chasing strategy has been low. Now, with help from Standard and Poors taking away their negative credit watch warning, the NZD has been bought strongly out of Japan and other parts of Asia.

Can the NZD remain at these high levels? Our view has long been that once things improve overseas the NZD would trend back up and that remains our view. But for the moment the NZD does look somewhat over-cooked and due for a correction downward. But we have been saying that for two months now and all the currency has done is keep going up. That just goes to reinforce our long running contention that it is impossible to forecast currency movements and the best that those looking to hedge currency exposures can do is work out their risk then adopt a strategy suitable to their risk and not the currency outlook.

Looking at the state of the domestic economy we can see signs in recent months of things bottoming out which increase the chances that small positive growth will be recorded over the second half of this year. In the housing market sales activity has been improving since February and there is evidence of prices flattening out. Dwelling consents improved a tad in April, confidence levels have improved, and a couple of retailing indicators have been not so horrible.

But all we are really talking about with regard to the domestic economy is a plateauing and mild rise – nothing remotely approaching strong growth for a long time. Households are facing slowing wages growth and declining employment along with newly rising petrol prices, cancellation of tax cuts for next year, and decreased willingness to take on debt. Businesses continue to report they intend cutting capital spending and job numbers. Plus we have yet to see the worst of the tourism downturn occur while the non-residential property sector is also just getting into its traditionally lagged weak period as leases come up for renewal.

In the export part of the economy there are some signs of life with a few commodity prices rising and increased interest from foreign students in studying here. But the rising NZ dollar is going to sap the strength of any export sector surge, and it is unreasonable to expect such anyway until the world economy starts recording good growth. Plus Fonterra have adopted a downbeat payout projection for this year which will encourage dairy farmers and others associated with the sector to rein in their borrowing and spending.

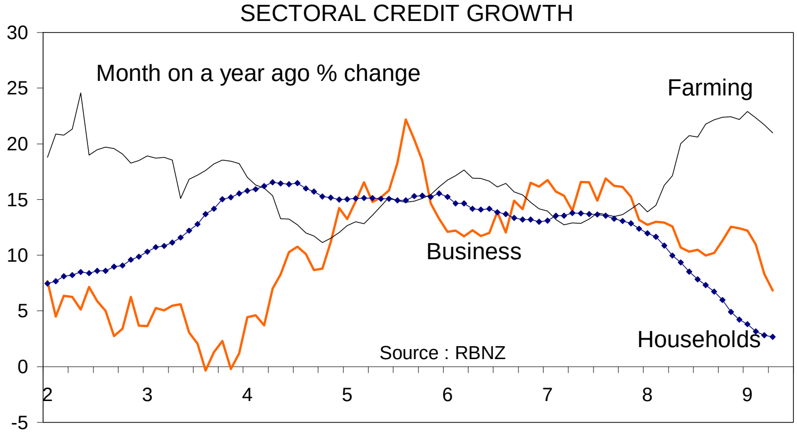
All up we may be past the worst in an overall sense. But the need remains for businesses to closely watch their cash flows and consider what their optimal structure is for a world in the future where growth and debt availability will be less than in recent years.

NZ ECONOMIC DEVELOPMENTS

Thursday 28

Lending Growth Slowing Down – Farming Out Of Whack

At the end of April total outstanding loans to the private sector by M3 financial institutions were practically unchanged from the March total. This is the first time this has happened since the data series started in 1998 and compares with net growth in April last year of $1.4bn, 2007 $2.5bn, 2006 $2.5bn, and 2005 $2.6bn.



This absence of debt growth in spite of low interest rates reflects a sharp reduction in demand for credit by a household sector wary of house price falls and redundancy and a business sector looking to improve balance sheet structures. The annual rate of growth in household debt has slowed to just 2.7% from 2.8% in March with seasonally adjusted growth for the month of just 0.2% from 0.1% in March. Over the past three months household debt has grown $1.3b whereas a year ago growth was $3.1b and two years ago $5.5b.

In the business sector the annual rate of debt growth has slowed to 6.8% from 8.3% in March and 12.6% a year ago. Over the past three months business debt has fallen $1.5bn whereas a year ago it grew $2.2bn and two years ago $2.0bn.

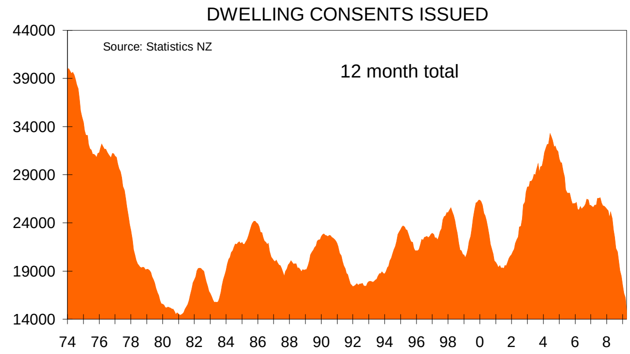
In the farming sector debt growth has slowed to 21% from a ridiculously high 21.7% in March and 17.1% a year ago. Over the past three months farm sector debt has grown $1.1bn compared with growth of $1.5bn a year ago and $0.4bn two years ago.

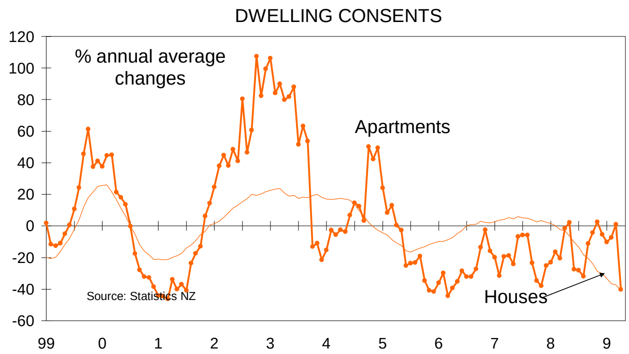
These farm debt numbers seem seriously out of whack with the reality of the NZ economy and the difficult times farming sector commentators continue to speak about. It is not surprising then that the Reserve Bank expressed concern about farm indebtedness two weeks ago and is moving toward requiring banks to hold extra capital against this increasingly debt heavy sector.

Friday 29

Housing Construction Massively Below Requirements

In seasonally adjusted terms the number of dwelling consents issued around New Zealand in April was up by 11.2% from March. This followed a 1.7% fall in March and 12% rise in February which is enough to allow one to conclude that we have almost certainly seen the low point for monthly dwelling consent issuance. Over the past three months seasonally adjusted consents have been running at an annualised rate of just over 13,100 compared with 12,300 in the three months to March.

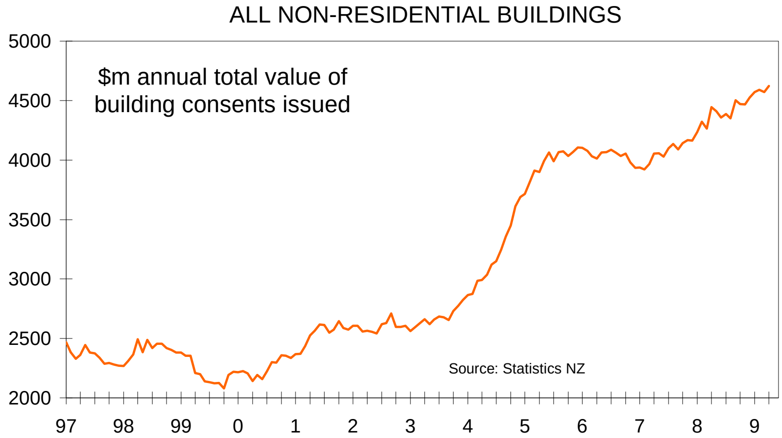




But activity levels are phenomenally weak with annual unadjusted consent numbers now at their lowest since 1981. The 12 month consent issuance total now stands at 14,870 which is well below the ten year average of 25,200 and down 41% from a year ago.

Our expectation is that with growing awareness of a housing shortage getting worse as population growth accelerates, plus low financing costs, decreasing section prices and falling construction costs, residential building activity will pick up over the second half of this year.

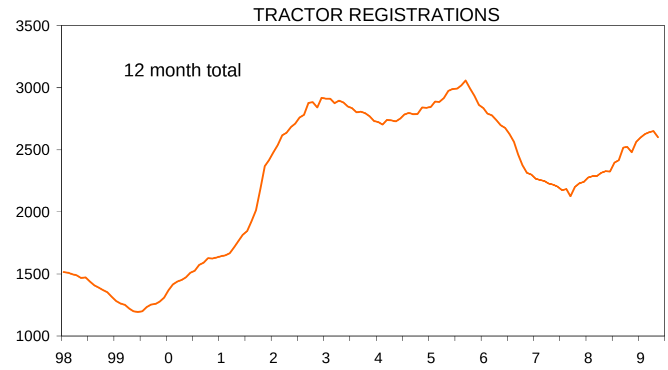
The value of consents issued for the construction of non-residential dwellings in April was 10.9% ahead of a year earlier at $530m. This is the highest monthly total since the series started in 1965. However this growth was largely due to a consent being issued for Christchurch International Airport (about time too – the place is like a rabbit warren and the Koru Club half the size needed). Therefore one could note that underlying construction activity will be weak. But clearly the airport extension along with preparations for the 2011 Rugby World Cup will tend to underpin activity in the sector.

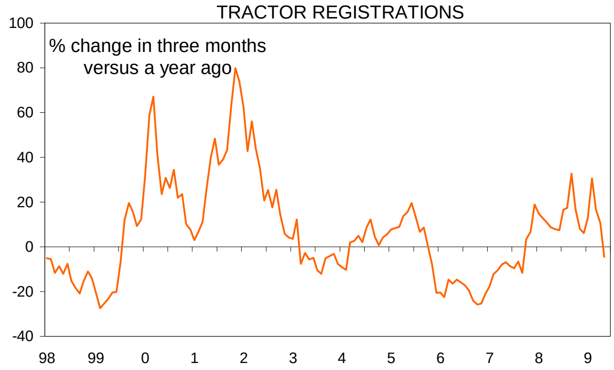


Wednesday 3 June

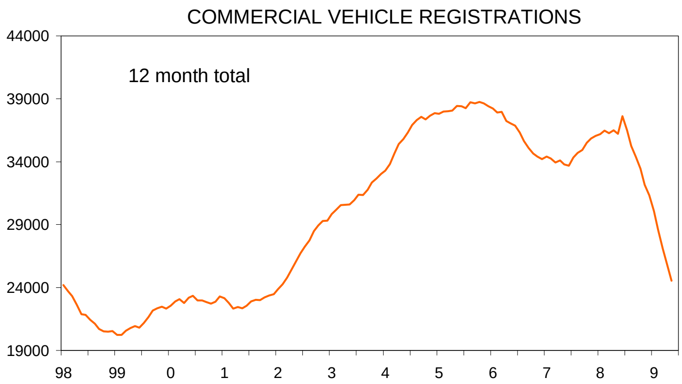
Spending On Vehicles Universally Weak

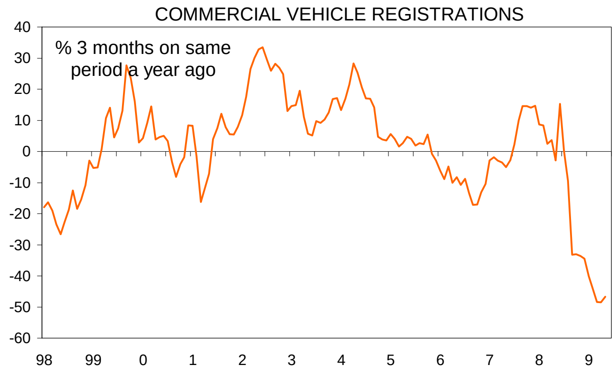
It has taken a surprisingly long time, but finally there is obvious weakness in farmer spending on that largest of all pieces of farm machinery – tractors. In May there were 154 tractors registered around New Zealand. This was a 24% decline from a year earlier and the lowest May month total since 110 in 2000. One suspects continued weakness for the coming year in response to Fonterra's downbeat payout projection, the large 19% NZD denominated decline in milk powder prices at Fonterra's auction two nights ago, the rising NZD, plus already high levels of farm debt and the Reserve Bank's expression of concern about farm indebtedness.



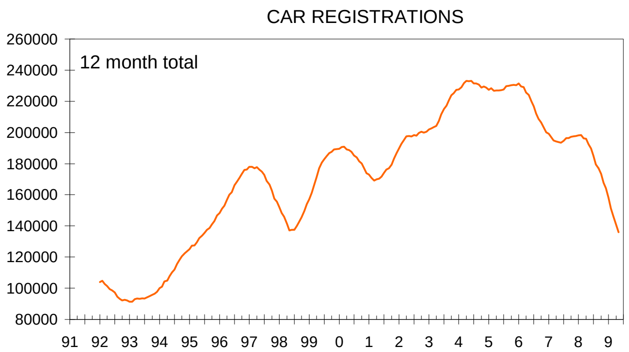


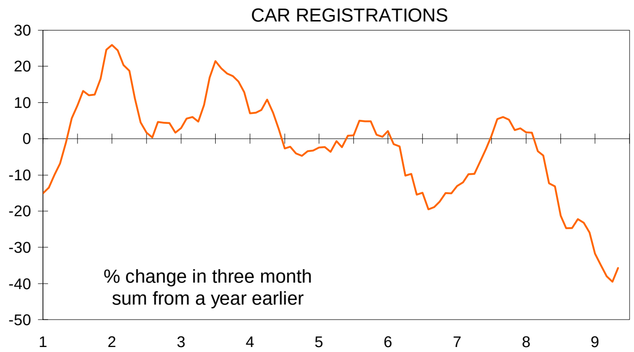
In May there were only 1,481 commercial vehicles registered around the country. This was a large 45% decrease from a year earlier which reflects the determination of businesses to cut back their capital spending in an environment of reduced revenue and profit expectations, tighter credit criteria, and major uncertainty about what lies ahead. Given that businesses are continuing to report they plan further spending cutbacks, this area of spending is likely to remain very weak well into 2010.





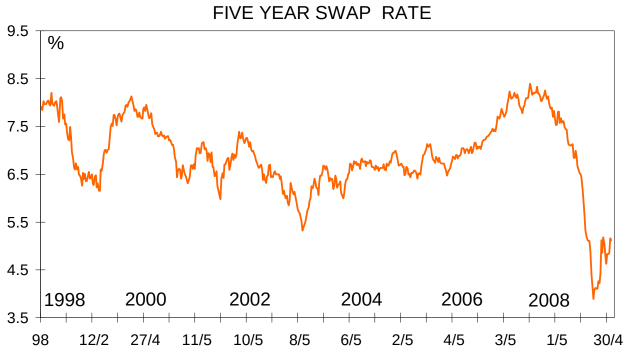
In May there were 9,190 cars registered around New Zealand. This was a 33% decline from a year ago, a 47% fall from two years ago, and the lowest May month total since 1993. As yet there is no solid sign that the rate of decline in car registrations is easing as households battle against excessive debt levels, rising unemployment, reduced housing wealth, losses from various investments, and slowing wages growth.

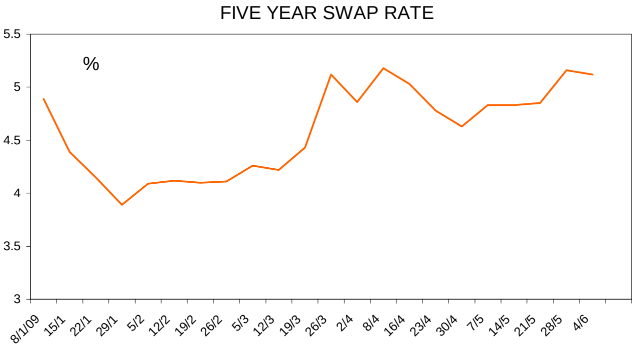




INTEREST RATES

Medium to long term wholesale interest rates have ended the week little changed from a week ago in the absence of any startling fresh news following the Budget and Standard and Poor's removal of their negative credit watch. Base wholesale funding costs onto which premiums get added to get the cost banks actually pay have jumped up from low levels back in the period from late-February to early March in response to a number of factors. The first was a lift in business demand for fixed rate funding from late-January. The second was the appearance of green shoots offshore causing investors to expect higher interest rates further out. The third was the rush of property owners to switch from floating to fix late in March.





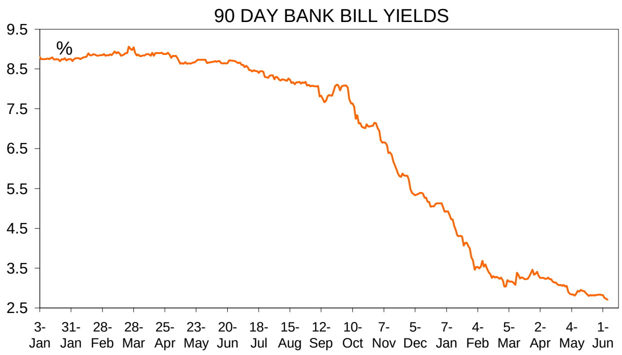
That initial rush subsided after 2-3 weeks and since then borrowers have largely been content to sit floating waiting for – well goodness knows what frankly. The chances of fixed housing rates falling much if at all from current levels seem especially slim. One has to discount the better growth signals offshore and expect a return to accelerating shrinkage overseas in order to generate a forecast of wholesale borrowing costs facing us banks heading back down again.

That seems a very unlikely scenario – though for the moment a lot of the good news stories have been factored in and that explains why there has been little fresh direction in medium term swap rates for the past month. But it should be noted that the longer term rates continue to creep higher as they get well into the period when world growth is expected to be substantially stronger and central banks will be wanting to get their cash rates back toward more usual levels.

The five year swap rate for instance is currently near 5.12% from 4.85% two weeks ago. The seven year rate has risen to near 5.6% from 5.25%. The two year rate in contrast has only gone from 3.52% to 3.6%.

Next week the RB will review their cash rate. It is a line call whether they cut another 0.25% from 2.5%. On the side favouring a cut there is the surging NZD which will sap the export sector's strength in the near future, and the continuing economic shrinkage offshore. But on the no move side is the strength continuing to appear in the housing market and the green shoots offshore. It's a toss of a coin basically, though for the moment we still see a good chance they still end up cutting to 2% eventually – though we'll see.

The 90-day bank bill yield has ended near 2.71% from 2.84%



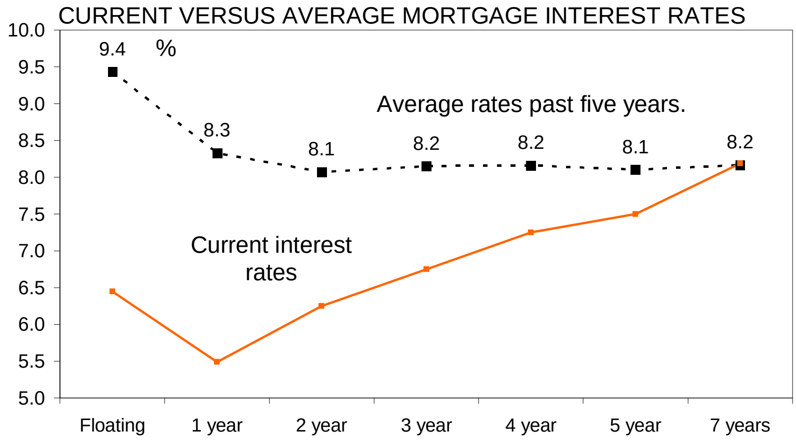
Key Forecasts

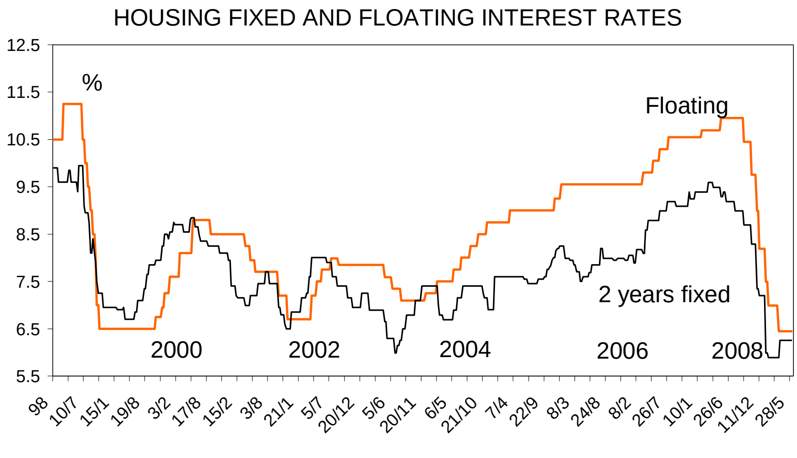
- Monetary policy easing with the official cash rate possibly at 2.0% come mid 2009.
- Medium to long term housing rates have seen their multi-year lows – stop-start rises now lie ahead. Speed unclear.

FINANCIAL MARKETS DATA	This week	Week ago	4 wks ago	3 months ago	Yr ago	10 yr average
Official Cash Rate	2.50%	2.50	2.50	3.50	8.25	6.2
90-day bank bill	2.71%	2.84	2.84	3.20	8.66	6.5
10 year govt. bond	5.86%	5.83	5.31	4.44	6.43	6.2
1 year swap	2.94%	3.04	2.98	3.01	8.31	6.7
5 year swap	5.12%	5.16	4.83	4.26	7.57	7.0

If I Were a Borrower What Would I Do?

The risk for fixed housing interest rates remains on the upside. If I were borrowing I would not be floating. If I sincerely like a short term rate because of the flexibility it gives me I would save 1% straight away by fixing one year at 5.49% rather than floating at 6.45%. If I was floating only because I want to wait for a low fixed rate I would fix now at the three year term of 6.75%.

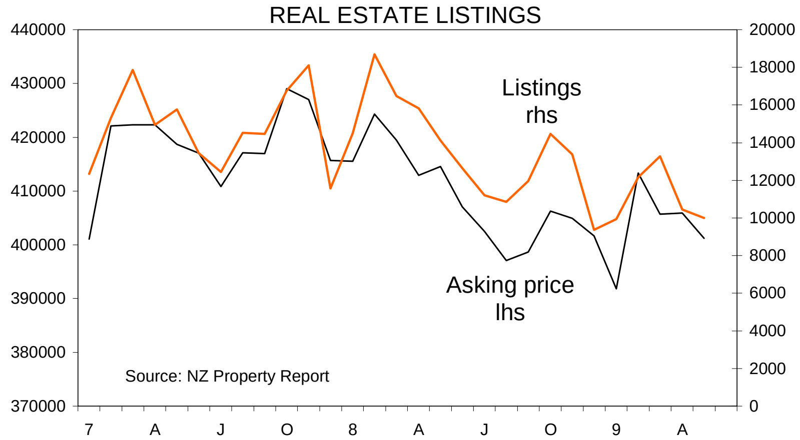




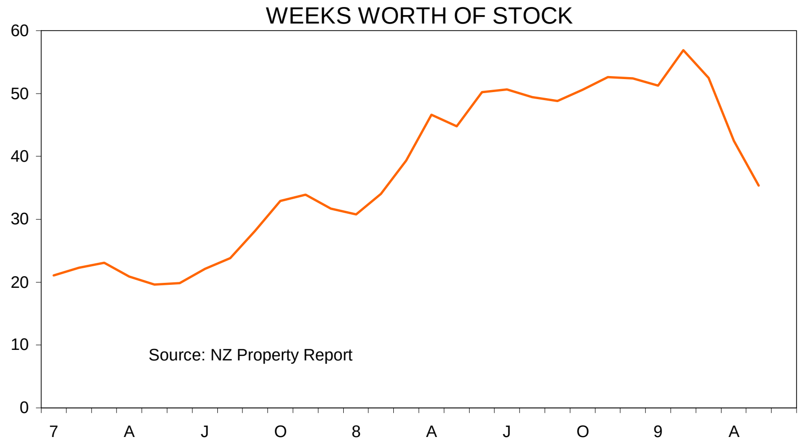
HOUSING MARKET UPDATE

Listings Shortage

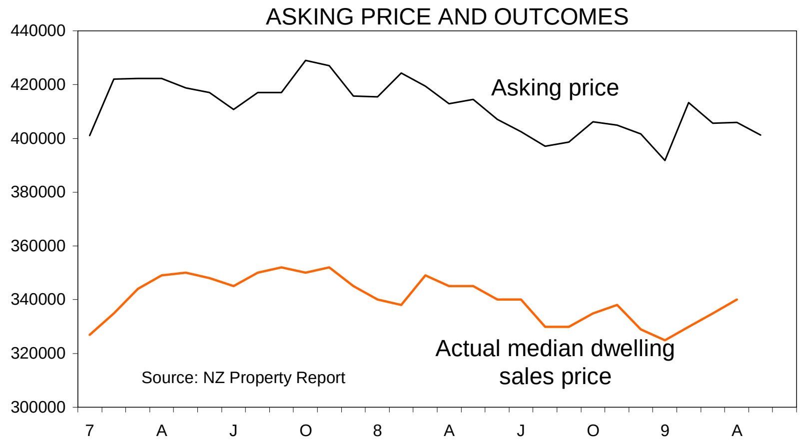
The first piece of news on the housing market received this week came in the form of the NZ Property Report from realestate.co.nz. Their compilation of listed properties (about 93% of all REINZ member listings) showed that at the end of May listings stood at 9,993. This was a large 29% decline from a year earlier which followed a 34% annual decline in April and 19% in March.



This large drop in the number of listings means that the stock of properties available for sale now sits at about 35 weeks. This calculation is based on the stock compared with sales over the past three months but cannot include May sales as these data are not yet available from REINZ.

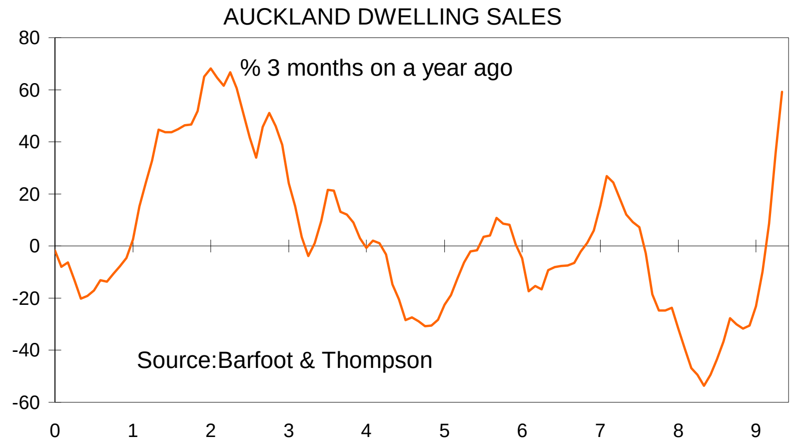


Both measures show the most opportune time for buyers occurred back in February when stock stood at 57 weeks worth of sales. The report also includes an average asking price measure which declined in May to $401,196 from $405,936 in April. It is difficult to interpret month to month movements in this aggregate we feel. However it is interesting to note the asking price line in the graph below holding flat since the middle of last year, but the median dwelling sale price calculated using REINZ sales data improving over the past three months. We interpret this as supporting the case for average house prices in New Zealand having undergone the bulk of their pullback. Of course this says nothing about the likely selling price for any individual property or even individual regions where different factors tend to be at work.



Auckland Data From Barfoot and Thompson

The other source of housing market information this week was the monthly Barfoot and Thompson dataset showing activity in Auckland. During May the B&T offices sold 814 properties. This was a large 58% gain from a year ago which followed a 79% annual rise in April. But in rough seasonally adjusted terms sales were down 12% in the month after rising 16% in April, 27% in March, and 5% in February. The data show therefore that the recovery in sales which commenced in February has eased off slightly.



This is not surprising given that one of the factors behind the earlier surge was a desire by buyers who had been holding off to buy and lock in record low borrowing costs. The question now is whether the surge in sales was a flash in the pan or we are going to see stabilizing of turnover or further increases.

On the negative side there are some definite restraining factors. These include a rising unemployment rate and the recent increases in interest rates as banks have passed on recent increases in wholesale funding costs and started to adjust lending rates to reflect the structural lift in these funding costs which has been underway for well over a year.

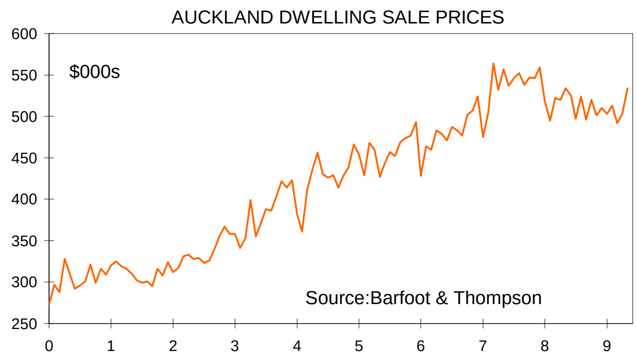
But on the positive turnover growth side we have steadily rising net migration inflows now at 9,200 on a 12 month basis in April from 3,500 in November. In addition confidence levels have improved recently. Plus there is some considerable churn in ownership of investment properties underway with over-geared inexperienced investors being forced to sell and older better capitalised and far more professional investors making their best purchases in many years.

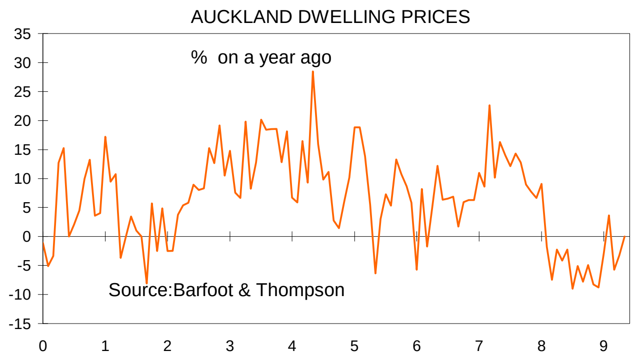
But there is also the issue of a housing shortage to consider. Unlike many other countries NZ does not have an over-supply of houses but instead has an under-supply. This will naturally restrict turnover. In addition awareness of this situation appears to be growing and this will tend to restrict the willingness of people to sell. Perhaps this helps explain the decline in listings noted above and also the fall seen in the Barfoot and Thompson data.

During May they received 1,186 new listings. This was a 15% fall from a year ago. The total number of listings at the end of May stood at 5,760. This was a 21% fall from May 2008. But it was also 32% more than May 2007. Therefore we should not fall into the trap of thinking properties have become in tremendously short supply.

In fact perhaps the bets way to interpret what has been happening with the residential real estate market recently is that pent up demand has met pent up stock to give a temporary surge in turnover. Things are now likely to flatten out with regard to activity levels before a more sustainable upward trend in turnover commences later this year – assuming the economy starts to grow in a small manner as we expect and the world economy gets close to recording positive growth.

But what about prices? During May the average selling price for B&T in Auckland jumped to $534,000 from $503,000 in April. This was exactly the same as the price a year ago and in fact the best result since May 2008. Does this mean an upward trend is in place for prices in Auckland now?





One should be cautious about reaching such a conclusion because averages can get moved around quite a bit by changes in the mix of houses sold. However that does not appear to be the case this month.

Overall we read the housing data released recently as showing a market which has probably passed its worst points with regard to sales and prices. But it would be wrong to start talking about an upturn as yet given the fact prices are relatively high still by historical standards and the economy's growth rate is not truly going to look healthy until maybe 2011.

Key Forecasts

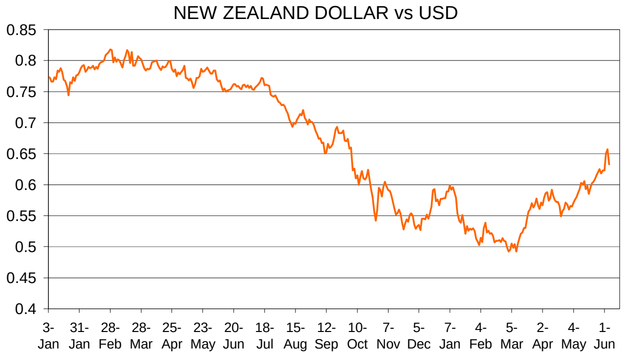
- Dwelling consent numbers to slowly recover from the middle of this year.
- Real estate sales have bottomed for this cycle. Activity is likely to fluctuate and begin a drift upward before year end with potentially firm activity over 2010.
- House prices stabilising now possibly, then rising slightly over 2010.

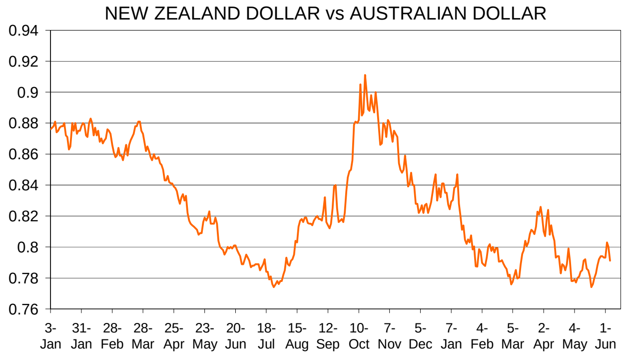
Exchange Rates & Foreign Economies

EXCHANGE RATES	This week	Week ago	4 wks ago	3 months ago	Yr ago	Consensus* Frcst Yr Ago	10 yr average
NZD/USD	0.633	0.618	0.571	0.495	0.784	0.729	.592
NZD/AUD	0.791	0.794	0.779	0.776	0.815	0.849	.856
NZD/JPY	60.7	59.6	56.6	48.6	82.0	75.8	66.8
NZD/GBP	0.388	0.388	0.383	0.353	0.40	0.385	.345
NZD/EUR	0.447	0.447	0.43	0.394	0.506	0.504	.51
USD/JPY	95.9	96.4	99.1	98.2	104.6	104	113.9
USD/GBP	1.63	1.593	1.490	1.41	1.96	1.892	1.709
USD/EUR	1.416	1.383	1.327	1.256	1.549	1.445	1.156
AUD/USD	0.80	0.778	0.73	0.639	0.962	0.859	0.69

NZD Trades Over US 66 cents

The NZD has been on a roller coaster ride this week trading for a while just above US 66 cents but ending this afternoon close to 63 cents. However this is still up from just below 62 cents last week, 59 cents a month ago, and below 50 cents back in early March.





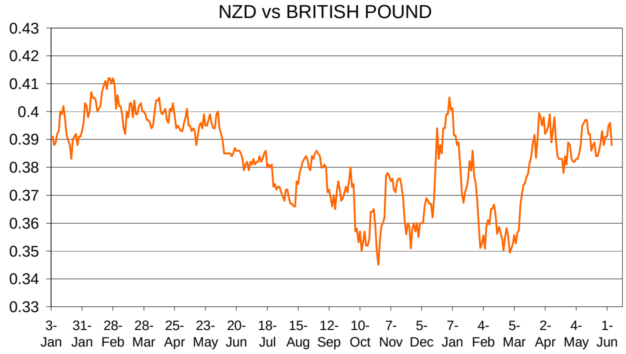
The NZD's rise over this period of time has largely been driven by a lift in global investor risk tolerance that has led to buying of equities and risky assets such as the far flung Kiwi dollar. The upgrading in NZ's credit rating outlook by Standard and Poors last week has been a more recent contributor to strength in the NZD. It should be noted that it is not expectations of a superior economic performance or tighter monetary policy than in other countries which has driven the NZD upward.

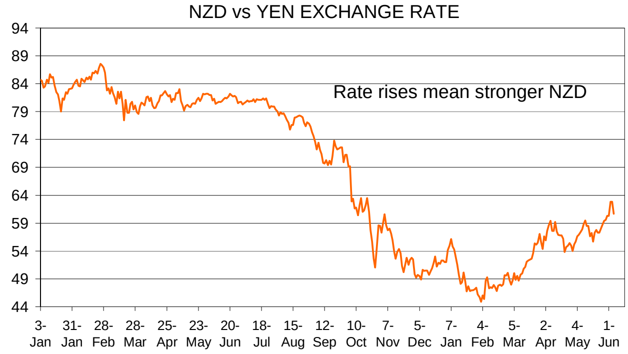
What this means is that one would be foolish to take any strong position on where the NZD goes in the near future because movements are going to continue to be dictated by fluctuations in investor sentiment and these are impossible to pick at the best of times let alone during the current global credit and economic crisis.

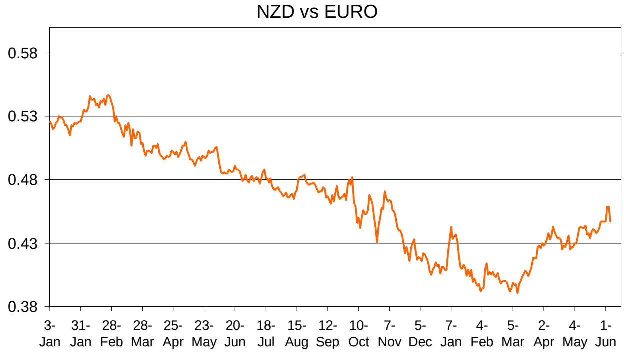
For NZ exporters the currency's rise is bad news. But one must take note that the NZD has not soared against all other currencies. In fact against the Aussie dollar we have ended today near 79.1 cents which is down from 79.4 cents last week. The AUD has risen over two cents against the greenback this week assisted by some better than expected economic data including growth in gross domestic product of 0.4% during the March quarter rather than the 0.2% fall which many had been expecting. The result means that although many other indicators say the Australian economy is in recession the common Australasian measure of two negative quarters in a row says a technical recession has been avoided.

This has led to reduced expectations that the Reserve Bank of Australia will cut its cash rate from the current 3% - hence some extra support for the AUD and perhaps good scope for many Aussie tourists to come our way this Winter if the snow falls thick and fast.

Against the British pound the NZD has ended completely unchanged from last week near 38.8 pence but did trade above 40 pence for a while. Against the Japanese Yen we traded above 62 but have ended near 60.7 from 59.6. Against the Euro we have ended unchanged at 47.7 centimes.



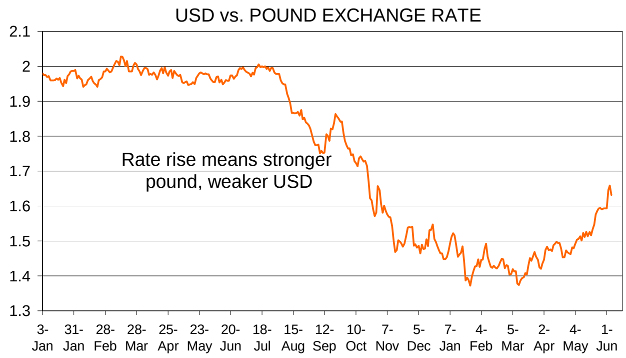


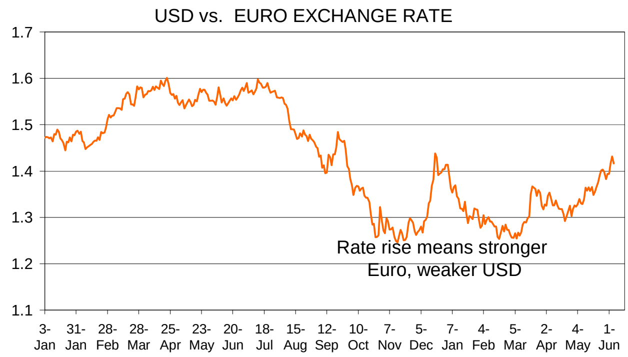


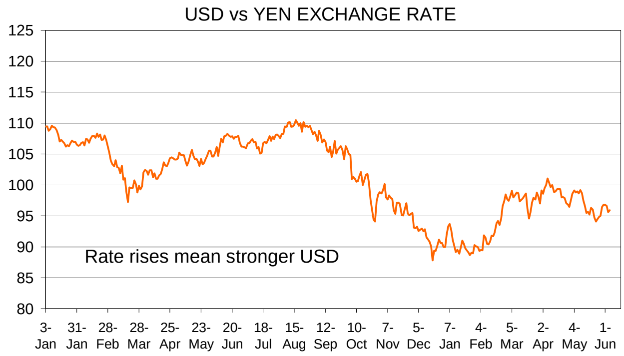
With regard to the major currencies, the week has largely been one of weakness in the greenback as slightly more risk-tolerant investors have moved funds out of the recent favourite safe-haven currency into the perceived riskier currencies of Euro and Pound. In addition there was yet another bout of concern that the world may move away from the USD as the main reserve currency following comments from the BRIC countries.

But overnight comments from India, South Korea and Japan saying they see no alternative to the USD as reserve currency saw some buying of the USD return – encouraged also by downbeat official comments out of Europe.

The USD has ended against the Euro near $1.416 from $1.38 but traded above $1.43 on Tuesday night. Against the pound it has ended near $1.63 from $1.593. There have been fewer outright flows into Yen. Or perhaps more accurately. While there has been some selling of dollars for Yen there has also been strong selling of Yen for higher yielding currencies including the NZ and Aussie dollars. Therefore the dollar yen rate has ended today little changed from last week near 95.9 from 96.4 last week.

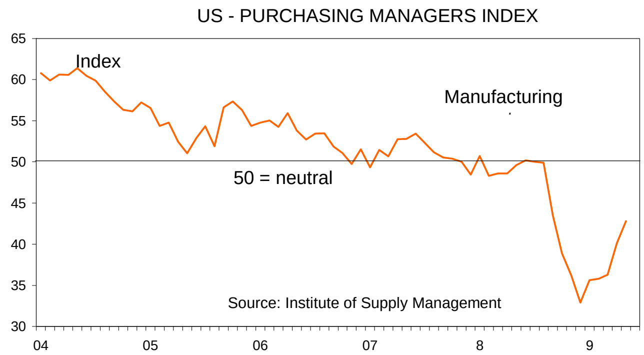


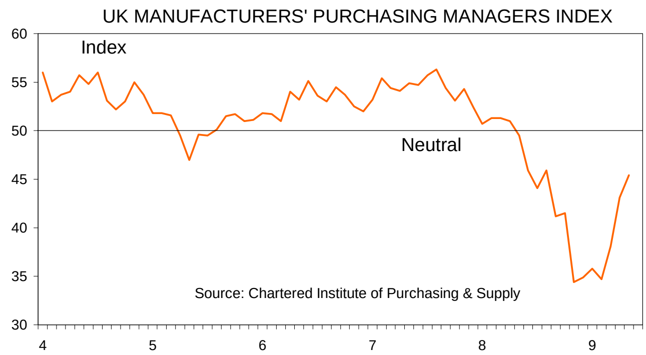




With regard to some of the offshore data releases during the week we have the following.

- In Japan there is some sign that factory closures are slowly being reversed with industrial production up a greater than expected 5.2% in April.
- In the United States the Performance of Manufacturing Index reached a nine month high with a reading of 42.8 in May from 40.1 in April and a low of 32.9 in December when orders to manufacturers had been slashed tremendously by retailers looking to reduce bloated inventories of finished goods, while producers sought to cut stocks of raw materials. The reading is still well into recessionary territory however so again this green shoot remains merely an indicator of a reduced rate of economic shrinkage rather than growth as such in the US manufacturing sector or economy.

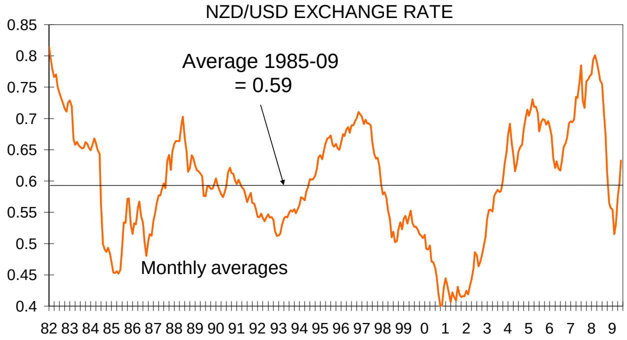


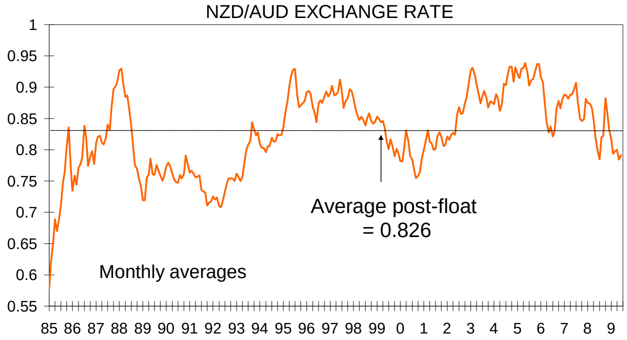


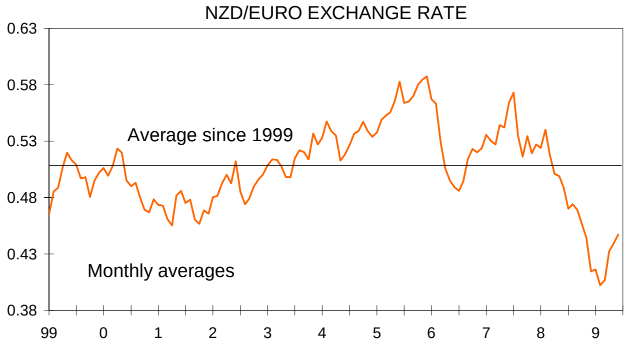
- The UK PMI rose to 45.4 in May from 43.1 in April.
- Australian building approvals rose in seasonally adjusted terms by a strong 5.1% in April after gaining 6.3% in March.
- Australia's economy grew by 0.4% during the March quarter rather that shrinking 0.2% as many had expected.

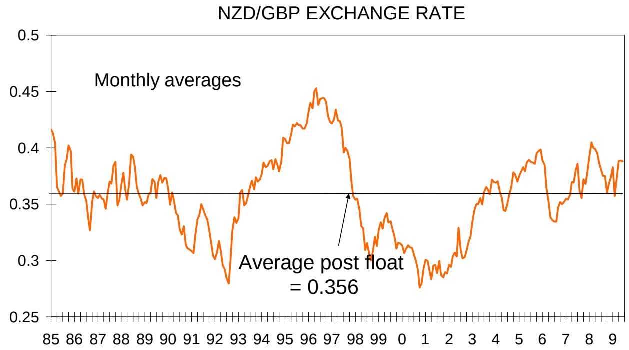
If I Were An FX Receiver What Would I Do?

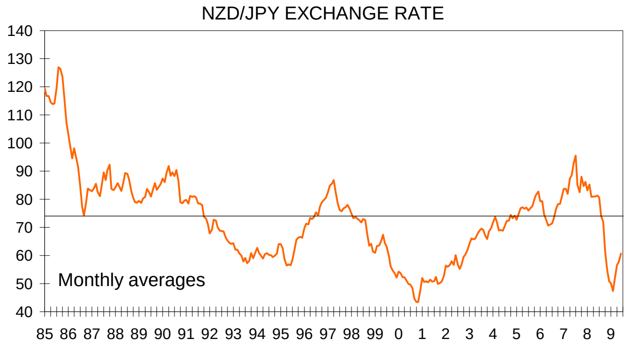
Hold off USD hedging for the moment but build hedging against the other major currencies as discussed last week.











*Sourced from Consensus Economics. http://www.consensuseconomics.com/

ECONOMIC DATA

All %		Latest qtr only	Previous qtr only	Latest year	Year ago	2 Yrs ago
Inflation	RBNZ target is 1% - 3% on average	-0.5%	1.5	3.4	3.2	2.7
GDP growth	Average past 10 years = 3.0%	-0.9	-0.5	0.3	3.2	1.9
Unemployment rate	Average past 10 years = 5.3%	5.0	4.7	......	3.8	3.8
Jobs growth	Average past 10 years = 1.9%	-1.1	0.6	0.8	-0.2	2.1
Current a/c deficit	Average past 10 years = 5.5% of GDP	8.9	8.6	......	8.2	9.0
Terms of Trade		-0.9	-1.0	1.8	8.8	3.8
Wages Growth	Stats NZ analytical series	1.5	1.1	5.3	4.8	5.1
Retail Sales ex-auto	Average past 9 years = 3.8%.	-1.2	-0.0	-0.8	3.2	4.9
House Prices	Long term average rise 5% p.a. QVNZ	-2.0	-2.1	-8.9	8.0	9.7
Net migration gain	Av. gain past 10 years = 10,400	+9,176	4,538yr	......	4,667	11,230
Tourism – an. av grth	10 year average growth = 5.0%. Stats NZ	-2.7	-0.9	-2.7	1.5	2.1
		Latest year rate	Prev mth year rate	6 mths ago	Year ago	2 yrs ago
Consumer conf.	10 year average = 2%. Colmar survey	3	-9	3	-34	-4
Business activity exps	10 year average = 26%. NBNZ	-3.8	-21.2	-11.4	-3.8	22.5
Household debt	10 year average growth = 11.3%. RBNZ	2.8	3.2	6.7	10.9	13.6
Dwelling sales	10 year average growth = 3.5%. REINZ	39.1	30.5	-34.8	-45.5	8.2
Floating Mort. Rate	10 year average = 8.1%	6.49	6.49	9.75	10.95	10.05
3 yr fixed hsg rate	10 year average = 7.9%	6.75	6.75	8.49	9.49	8.80

ECONOMIC FORECASTS

Forecasts at May 14 2009	**March Years**					**December Years**				
	2007	2008	2009	2010	2011	2006	2007	2008	2009	2010
GDP - annual average % change										
Private Consumption	2.8	3.2	-0.4	0.5	1.8	2.6	4	0.1	-0.1	1.8
Government Consumption	4	4.3	3.7	3.7	3.4	4.6	3.9	4	3.8	3.3
Investment	-0.6	4.3	-10.4	-16.2	5.9	-0.4	5	-5.7	-18.8	1.8
GNE	1.4	4.4	-2.1	-2.8	3.2	1.4	4.5	-0.3	-4	2.4
Exports	3.1	2.9	-3.7	-4.1	1.2	1.8	3.8	-1.8	-4.7	-0.6
Imports	-1.6	9.6	-2.5	-10.1	2.1	-2.6	8.6	2.5	-12	0.1
GDP	1.8	3.1	-0.9	-0.9	3	2	3.2	0.2	-1.7	2.3
Inflation – Consumers Price Index	2.5	3.4	3	1.9	1	2.6	3.2	3.4	2.3	1
Employment	2.1	-0.2	0.8	-3.2	2.9	1.7	2.3	0.9	-4	2.9
Unemployment Rate %	3.8	3.8	5	7.5	7.2	3.8	3.5	4.7	7	7.2
Wages	5.5	4.4	5.1	2.4	1.5	5.5	4	5.1	3.1	1.3
EXCHANGE RATE ASSUMPTIONS										
NZD/USD	0.7	0.8	0.53	0.6	0.66	0.69	0.77	0.56	0.58	0.65
USD/JPY	117	101	98	105	115	117	112	91	103	113
EUR/USD	1.32	1.55	1.31	1.34	1.38	1.32	1.46	1.34	1.33	1.37
NZD/AUD	0.88	0.87	0.8	0.78	0.81	0.88	0.88	0.83	0.77	0.81
NZD/GBP	0.36	0.4	0.37	0.38	0.39	0.35	0.38	0.37	0.37	0.39
NZD/EUR	0.53	0.52	0.41	0.45	0.48	0.52	0.53	0.41	0.44	0.47
NZD/YEN	81.9	81.1	51.8	63	75.9	81	86.3	50.9	59.5	73.1
TWI	68.6	71.6	53.8	59.1	65.1	68	71.6	55.1	57.2	64
Official Cash Rate	7.50	8.25	3.00	2.25	4.25	7.50	8.25	5.00	2	3.75
90 Day Bank Bill Rate	7.78	8.82	3.24	2.62	4.62	7.64	8.77	5.23	2.2	4.12
10 year Govt. Bond	5.91	6.35	4.77	5.6	6.4	5.77	6.38	4.88	5.55	6

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.