BNZ Weekly Overview

28 February 2008

FINANCIAL MARKETS DATA

	This week	Week ago	4 wks ago	3 months ago	Yr ago	10 yr average
Official Cash Rate	8.25%	8.25	8.25	8.25	7.25	6.2
90-day bank bill	8.81%	8.87	8.72	8.89	7.80	6.4
10 year govt. bond	6.45%	6.43	6.29	6.24	5.79	6.5
1 year swap	8.82%	8.89	8.72	8.87	7.97	6.6
5 year swap	8.16%	8.25	8.04	8.20	7.43	7.0

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The Pluses and Minuses

This week we've decided to take a look at the various positive and negative forces working away on our economy over the coming year – starting with the negatives. Enjoy.

Finance Companies

Finance companies have collapsed with over $1b worth of investor money involved with more most certainly to follow as the companies lose investors and fail to secure wholesale depositors. As their cash dries up their lending will cease and borrowers who have relied on finance companies are in many cases unlikely to find alternative finance. After all, they went to a finance company charging rates higher than banks because the banks did not want to take on their risk. As developments get shelved one can expect some weakness in non-residential construction activity as well as residential. Loss of funds and loss of sleep by investors will retard their willingness to spend and may generate a flow of funds to banks.

Drought

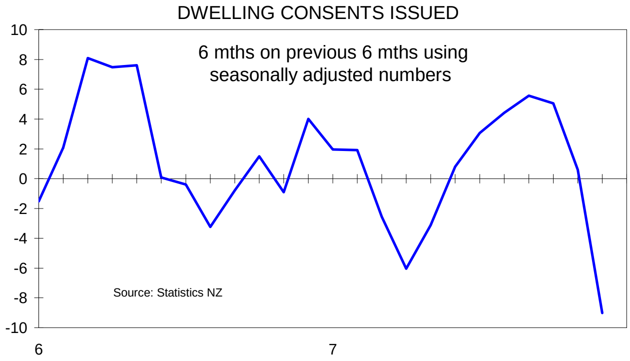
Parts of the country are officially in drought and Fonterra have estimated the bad weather will cost them $500m this season. The weather people say the La Nina weather pattern will hold through to April and produce continued dry conditions. If so then the farming sector will not be anywhere near as buoyant as previously thought on the back of the surging dairy payout. And because of the rundown in stock numbers, stock condition, grass condition, and run-up in sheep and beef debt in particular, output and incomes therefore spending will be affected next season as well. How big a negative impact this will have on the economy is unclear, partly because the weather can in this country change on a dime. And one should be aware that ever since we economists all missed the drought of 1997-98 and its impact on the economy we have been jumping like rabbits at any sign of drought since then not wanting to be embarrassed. And up until now our expressions of concern since 1998 have largely been misplaced. We will see this time around.

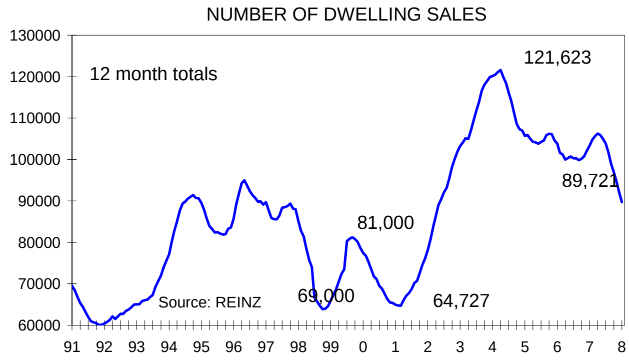
Housing

The housing market is clearly in retreat and this is already producing declining residential construction activity. Falling house prices will reduce spending from wealth as well as discourage buyers from stepping up to the plate because they feel better bargains will come along further down the track.

BNZ WEEKLY OVERVIEW

This is the danger of deflation. If you think something will get cheaper you don't buy it. Stocks build up, sellers cut prices and the buyer feels justified in waiting – then reckons that waiting even longer may produce an even lower price! Eventually, in the case of manufacturers say, the factory closes down. In this case its more that the downward shift in residential construction will be amplified. Our best guess is the buyers emerge from the bushes come Spring.



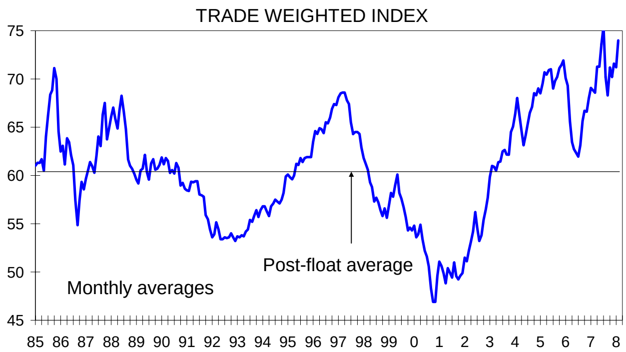


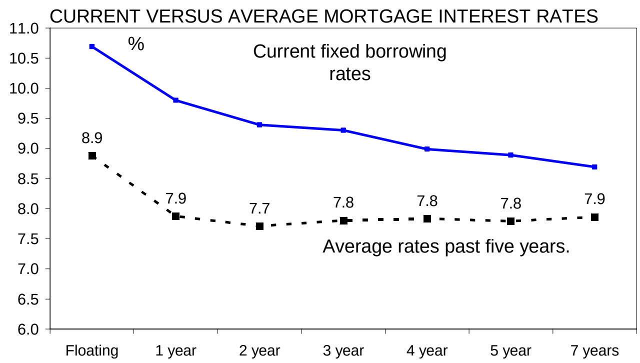
Exchange Rate

The trade weighted index is running over 21% above its post-float average and this is clearly a source of restraint to some exporters. In addition import-competing companies are being priced out of the market.

Interest Rates

Interest rates are at well above average levels with the floating mortgage rate near 10.6% almost 2% above its average level over the past five years and two year fixed housing rates about 1.6% above average.



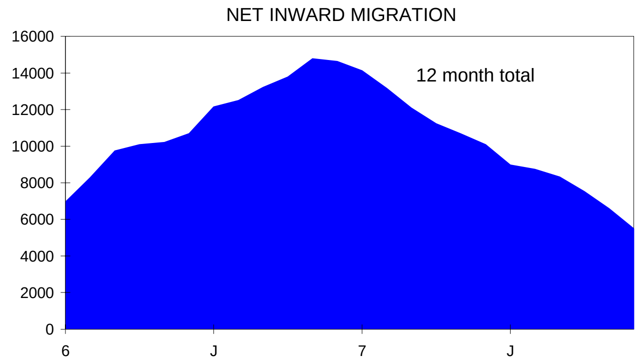


Credit Crunch

The availability of credit in New Zealand is probably tightening up a bit in a lesser version of what we are seeing happen overseas in response to banks offshore writing off huge chunks of their capital.

Migration

The net migration inflow into New Zealand has declined from 14,630 over 2006 to 5,494 over 2007 and recent numbers hint we may get to zero near the middle of the year. This means slower population growth which means slower growth in retail spending and housing demand.



Trading Partner Growth
Growth in our top 14 export destinations was an above average 3.7% last year but is currently expected to come in right on the ten year average of 3.1% this year but with downside risk.

Global Inflation
There is a worsening global inflation problem which is limiting the willingness and ability of central banks outside the United States to cut interest rates because of worries about economic growth. Their concern is if they cut rates now to minimise economic disruption from the US-sourced credit crisis they will have to raise them aggressively over 2009-10 to fight inflation. They could simply transfer weakness from now to greater and more long-lived weakness further down the track.

Oil Prices
Oil prices continue to rise and as a net oil importer this is a negative for our economy's growth rate and will be one factor discouraging our central bank from reacting so readily to growing signs of weakness in our domestic economy.

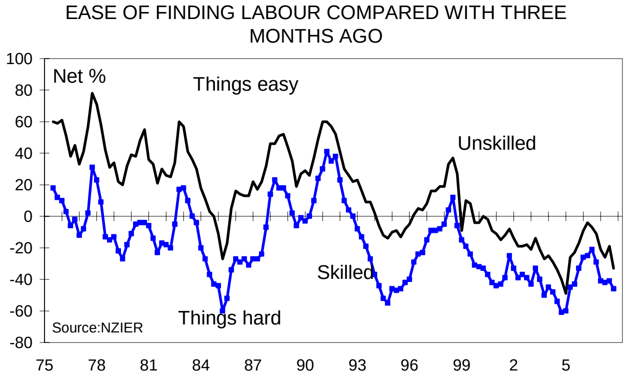
Reserve Bank Strength
The Reserve Bank have been fooled before into thinking the domestic economy was weakening away and they could signal an easing bias to monetary policy. Their inappropriate actions have helped our inflation rate average 2.8% the past four years from 2.4% in the four years before that and 1.3% before that. One suspects they will want to see the inflation risk unconscious on the mat before stepping back from the fight. Then again, tigers don't change their stripes so they could cave in again as in the past.

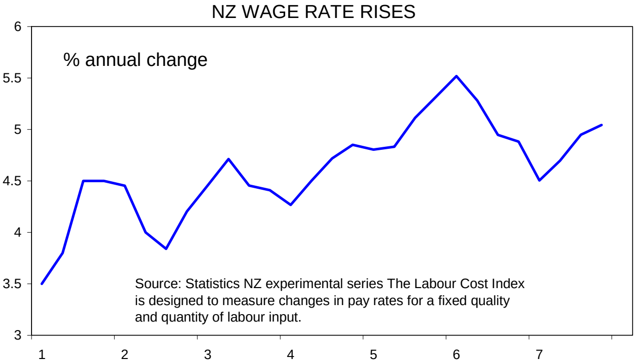
General Election
Its an election year and although the outcome is looking increasingly predictable the uncertainty is likely to cause some companies to delay their capital spending plans for perhaps a few months.

The Positives

These are most of the negative things though there are undoubtedly more out there which the average businessperson could identify. But here are the things we expect will easily prevent our economy from going into recession.

Labour Market
The labour market is the tightest it has been in three decades. High job security will tend to reduce the extent to which people feel they need to tighten their belts in the face of high debt servicing costs and global economic worries.



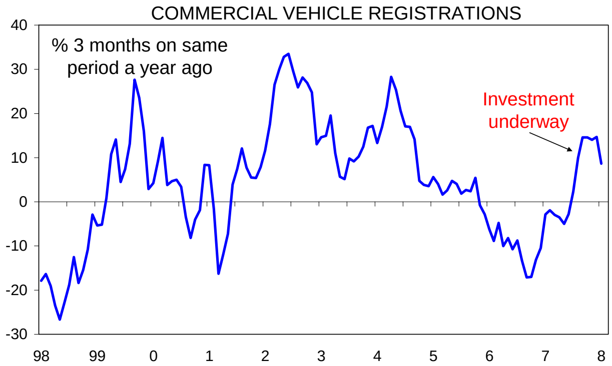


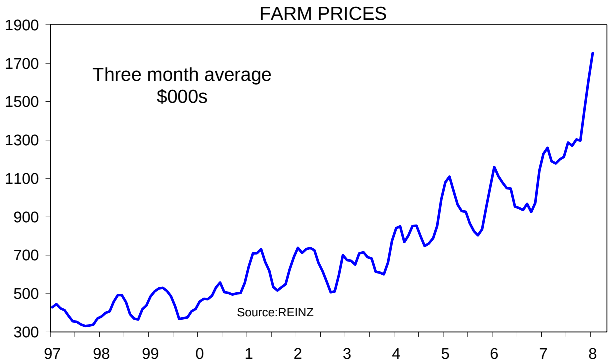
Wages

Wages growth has accelerated and in light of the extra tightening of the labour market in recent months, a rise in business employment intentions, and awareness that the labour shortage is structural and not cyclical, we expect faster wages growth to ensue. As time goes by wages growth will improve household debt servicing ability.

Business Capital Spending

Because of the sheer unavailability of productive labour businesses in many instances have no choice other than to boost output or cut costs per unit by raising the productivity of their existing workforce. Their efforts to do so will involve investment in ICT, machinery, and new or upgraded buildings.





Cashed up Investors

As some of our emailers have pointed out, not all property investors are in it for a quick buck. Many have spent the past 2-3 years rationalising their portfolios, selling off stuff as we wrote about three years ago, and cashing up in readiness for good purchasing and long term hold opportunities come the downturn. The downturn has further to run but eventually they will bring their cash to the market just as the currently relaxed first home buyers will eventually bring their mortgage approval certificates to the auctions.

Land Prices

Farm land prices have soared in recent years and rural balance sheets look generally strong. The need to take drastic action to combat one of the inevitable bad cash flow periods that hits farming will be less this time around than perhaps any other time in decades. But restraint in spending will still obviously occur, though mainly voluntarily rather than under instruction from one's financier.

Infrastructure

Our country is only near the start of a multi-year period of infrastructure spending catch-up. Billions will be spent in coming years on the roading network, electricity generation and distribution, public transport, and so on. Such activity tends not to be much influenced by the short term state of the economy and with the government running a large fiscal surplus the chances of new plans being announced on infrastructure projects seems high this election year.

Easing Fiscal Policy
Fiscal policy was eased in last year's Budget, it will be eased in this year's Budget, and if the 2005 experience is anything to go by we will see further easing in the weeks leading up to the general election. Extra government spending and promises of tax cuts – if not actual tax cuts in our hands before November – will tend to mitigate the easing of the economy's growth rate.

Backlog of Construction
Because of uncertainty about the cost of raw materials and other charges, delays in consent processing, and unavailability of builders there is a construction backlog. As the overall economy eases and residential construction in particular fades resources will become available to complete delayed projects. This doesn't necessarily mean growth in non-residential construction over the coming year or so but it does mean some reduction in the normal cyclical downturn.

Dairy Boom
Even deducting $0.5b for the effects of drought dairy incomes this season will be boosted around $2.5b from last year. That is a lot of extra stimulus to the economy though much will go toward debt repayment and perhaps buying extra feed. Note that the person selling the feed will be making a mint. But not only will the economy be insulated by the dairy price boom, the conversion of farms around the country to dairying will assist economic activity. And on top of that the dairy support industry is booming. By this we mean things such as sheep farmers selling their sheep and growing feed for dairy farmers or wintering cows on their property.

Taking all of these pluses and minuses into account there are some key points to be made.

1. Risks globally and locally lie mainly on the downside but it would be unwise to buy into the negativism and shut up shop. Let the others do that and buy their business.
2. The rising global inflation threat should not be ignored. It implies a forced period of below average world growth to get pressures back under control
3. Business margins in new Zealand are going to remain under severe pressure because of rising input costs but reduced ability to get selling price increases through. Hopefully this current experience will lead to a more professional NZ business focus on price management along the lines of what we were advocating five years ago when customer demand was strong and capacity availability declining. Price to what the market will bear and not a simple mark-up over your costs. Don't take as your signal to change price only what is happening with your costs.
4. Relief from high debt servicing costs is likely over 2009 but borrowers should not assume rates falling to below average levels of the past five years just yet. For that to happen something structural is going to have to happen with resource availability in New Zealand, or countries other than the US will need to go into recession.
5. We have warned exporters for four years now that currency risks lie on the topside. Those who took notice of our warnings and invested to boost productivity will still be feeling the pinch now, but should cream it when the NZD does eventually correct downward. Those who sat waiting for a gift from above in the form of currency depreciation had best figure out what they should do now if one were to assume a Kiwi dollar less than ten cents below our current level come the end of 2009. Our current assumption is 62 cents Dec. 2009.

NZ ECONOMIC DEVELOPMENTS

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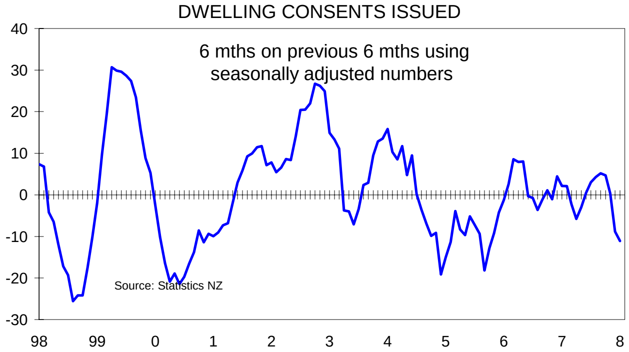
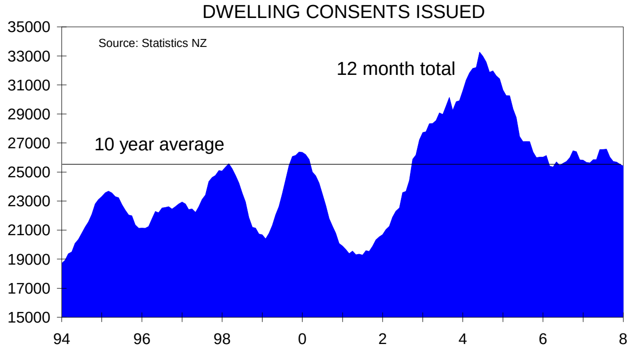
Residential Construction Trend Downward

In seasonally adjusted terms the number of consents issued for the construction of dwellings in January rose by 3.3% after falling 3.9% in December. Over the past three months consent numbers have fallen 7.2% so there is still a downward trend in this indicator and it would be unwise to read the January bounce as indicating strength going forward. There is a good lagged relationship between changes in the rate of growth in dwelling sales and changes in the rate of growth in dwelling consent issuance and given that dwelling sales continue to decline it is reasonable to expect that consent numbers and therefore residential construction activity will be falling away over the next few months if not for all of this year.

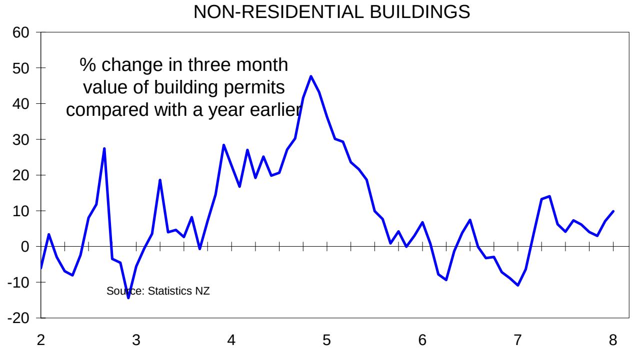


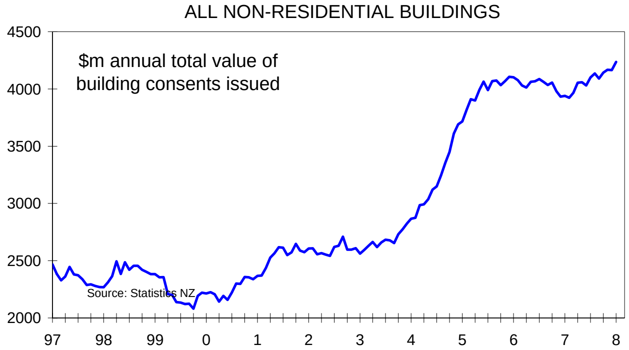


The second graph above is an important one to look at because it shows that since 2005 dwelling consent numbers in New Zealand have been running at about the 10 year average. That means we are not looking at a situation where residential construction is pulling back from a big boom and therefore delivering extra large downside risk to activity levels over the coming year or so. The pullback in activity occurred over 2004.

Non-Residential Construction Prospects Still Strong

In January the value of consents issued for the construction of non-residential buildings came in at $316 million. This was an extremely strong 29% increase from a year earlier and means that for the three months to January these consent values were ahead 9.9% from a year ago. If we smooth the numbers out by looking at what has been happening over the past six months compared with six months a year earlier we can see very strong growth in issuance of consents for farm buildings where the value was ahead 52% from a year earlier, and hospitals where the increase was 57%. For factories the increase was 7% and for warehouses 6.3%. Perhaps reflecting the weakness we are seeing in retail spending for shops and restaurants there was a decrease of 9.3%.

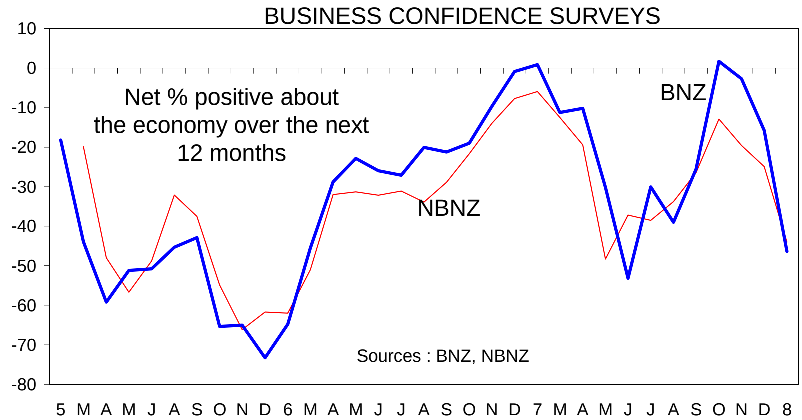




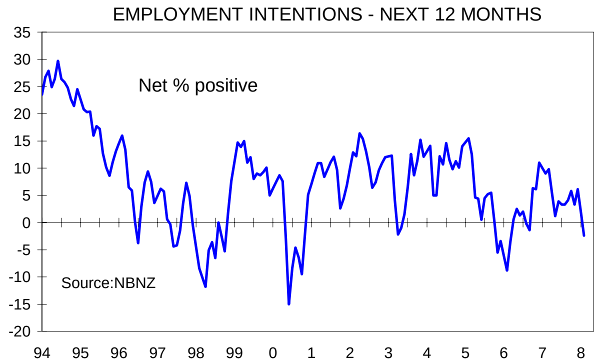
BNZ WEEKLY OVERVIEW

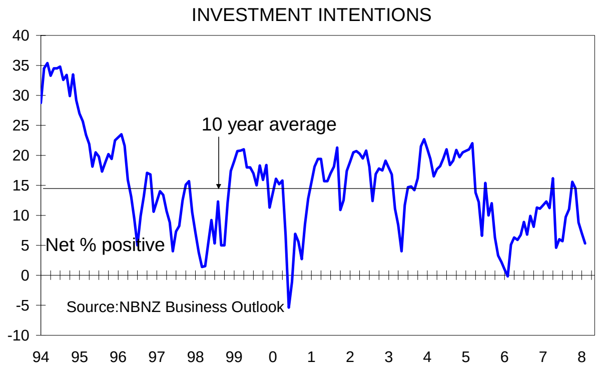
Business Confidence Reconfirmed As Weak

This week the NBNZ Business Outlook survey revealed that in February a net 44% of respondents felt the economy would get worse over the next 12 months. This was a substantial deterioration from a net 25% pessimistic in the December survey and mirrors what we have already reported in our own monthly survey undertaken three weeks ago. Our result was a net 46% pessimistic as shown in the solid blue line in the graph below.

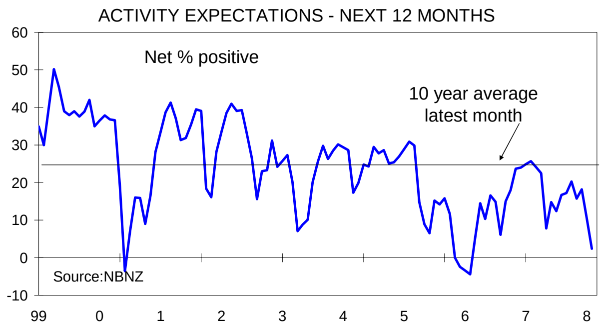


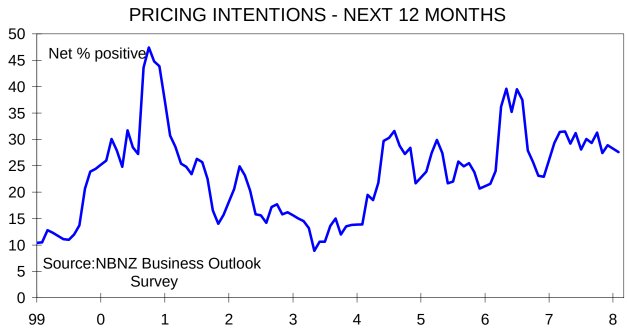
The weakness in this headline number was also mirrored in weakness in all of the subsidiary indicators. Only a net 2.4% of businesses expect their activity levels will improve over the coming year. This was a drop from 18.2% in December, the weakest result since February 2006, and well below the 10 year average reading of 25.0. Employment intentions deteriorated to a net 2.4% negative from 6.1% positive in December and an average reading of 7.3%. Investment intentions also weakened though not by as much with a net 5.3% businesses still planning to undertake investment from 8.8% in December and an average of 15%.





Interestingly, in spite of the generally strong Kiwi dollar manufacturers' export expectations lifted to a net 24.5% positive from 21.7% in December though this was still below the average reading of 32. On the face of it the Reserve Bank will be pleased with these measures showing increasing weakness in the economy. But what really matters to them is what is happening with inflationary pressures and there the message was quite mixed. There was a drop in the net proportion of businesses planning to increase their selling prices to a 14 month low of 27.6% from 28.9% in December and 31.3% in October. However year ahead inflation expectations actually rose to 3.26% from 3.11% which was the highest reading since November 2006 when businesses were likely to have been worried about the fall in the exchange rate earlier that year. No such worries exist at this stage so in that regard this inflation measure is actually relatively bad from the Reserve Bank's point of view.





Overall the survey results confirm that downside risks exist for the rate of growth in the New Zealand economy but that it would be premature to conclude the inflation outlook has become safe enough for the Reserve Bank to signal a potential policy easing.

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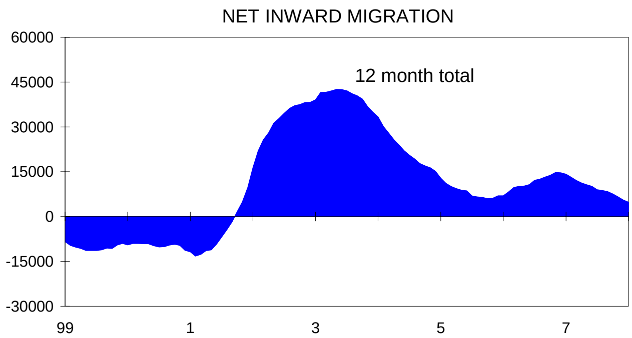
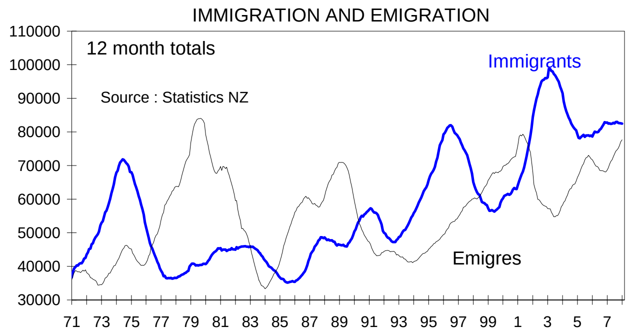
There was a net gain to New Zealand's population from permanent and long-term migration flows in January of 480 people. This gain was 690 fewer than January a year ago and means that the annual net migration gain has now dipped below 5,000 for the first time since November 2001. The net gain was 4,804 people compared with 14,130 year ago. In the three months to January the number of people coming to live in New Zealand was running 0.8% down from a year earlier. But the big change was an increase in the number of people leaving New Zealand permanently of 13.5% from a year ago. The attraction of working in Australia is particularly strong at the moment with their economy booming and a large shortage of employees associated with the unemployment rate of 4.1% been the lowest in 33 years.





In seasonally adjusted terms the net migration gain for the month was only 60. This followed a gain of just 10 in December and suggests very strongly that the net annual migration gain is going to get very close to zero a few months from now. This is very important for the Auckland housing market where about 50% of migrants traditionally go. With many investors highly aware of the impact which migration flows can have on the Auckland housing market these numbers are likely to encourage even more to place their currently undercapitalised properties on the market. This will be especially so as fixed interest rates are not only at painful levels but undergoing another round of increases.

The number of visitors to New Zealand in January was ahead 2.7% from a year earlier but the three months to January growth was just 0.5%. We expect weakness in visitor numbers over the coming year in light of the high level of the Kiwi dollar and some worries about economies overseas.

INTEREST RATES

Is it likely that the Reserve Bank will cut interest rates to try and stop the Kiwi dollar from rising and maybe to make it fall? Not at all. To see why just take a run through the economic linkages. If the Reserve Bank were to cut interest rates we would expect a reduction in saving in New Zealand and an increase in the willingness of consumers to spend. The current easing off in the housing market would be reduced and the pullback in residential construction also cut back. This would lead to less freeing up of demand for building materials and builders than would otherwise be the case therefore less downward pressure on the rate of inflation from that source.

In addition, with first-time buyers seeing interest rates coming down we would expect house prices to stop falling and perhaps some increases to come through especially with investors noting the Reserve Bank's increase tolerance of inflation means that housing assets are more valuable as a hedge against rising inflation.

We would expect the lower exchange rate which would result from lower interest rates to lead to renewed growth in the export sector. Higher profits for exporters would translate through to higher investment - which is very good - but also higher consumer spending by exporters. We would expect increased demand from the export sector for employees which would place additional upward pressure on wages growth and therefore inflation in an environment of already severe labour shortages.

The higher inflation which would result from cutting interest rates at a time of existing bad inflationary pressures and capacity shortages would increase the incentive generally for investors to move away from productive assets towards inflation hedges such as property mentioned above along with land. Higher inflation by definition means a higher rate of increase in costs facing exporters and we would expect that within a year or two exporters would be demanding even further action to try and get the currency down. Maybe the Reserve Bank would cut interest rates again even though house price inflation would be accelerating and wage inflation even higher.

Eventually we would expect the real Reserve Bank officials to retake their office building from the body snatchers and undertake the necessary actions to get inflation cemented back down towards the 2% area. This would probably require a protracted and deep recession in the New Zealand economy.

Cutting interest rates and allowing higher inflation now would be perhaps the best excuse for middle income families to flee the country that we would have seen for years. It was extremely pleasing during the week to see the NZ Manufacturers Association say cutting interest rates was not a realistic answer. They then went on to suggest a variable rate of contribution to a compulsory superannuation scheme.

At this point we would like to repeat the invitation we gave here last year for all and sundry to let the Finance and Expenditure Select Committee know their thoughts about alternative monetary policy instruments. But we repeat the warning we gave then. There will be no change in monetary policy in New Zealand away from duplication of the stock standard model overseas involving changes in an official 24 hour interest rate. All time devoted to thinking up ideas for alternative instruments could be time not usefully spent on

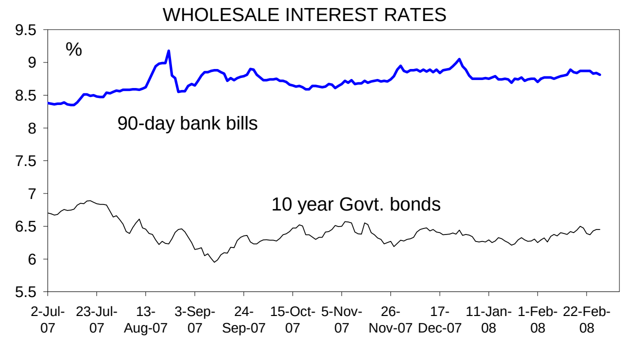
-working out your optimal hedging strategy and tactical moves to handle a high and variable exchange rate,
-increasing sourcing of inputs from offshore as a natural exchange rate hedge,
-investigating funding in the currency you receive your export money in,
-diversifying exports away from countries with currencies we have soared against to those like Australia where we are only just above average,
-developing products in which we have greater pricing ability than New Zealand's generally price-taking exports,
-making full use of existing ability to price up to what the market will bear and the word is many tourists are willing to pay a lot more for what they enjoy here,

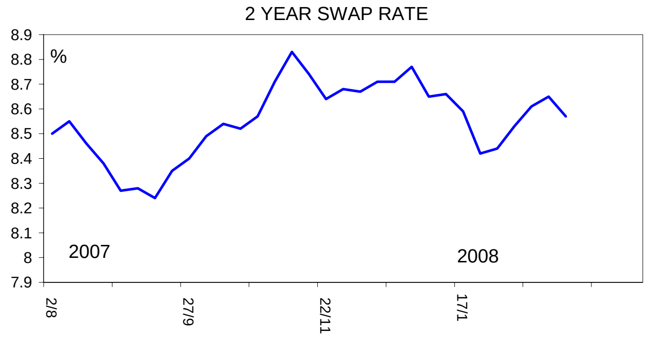
-invest to boost productivity so one can handle a higher average currency knowing that at some stage in coming years when the NZD declines, if one has been able to maintain exports profits will go through the roof.

This is not an easy environment for exporters, but as we point out in the NZD section of our Offshore Overview this week – its not as if we were not warning anyone about this rebound in the currency. Our standard seminar handout available at www.bnz.co.nz/tonyalexander has had exactly the same headline for almost a year now – "Why Interest Rates and the NZD Will Stay High" Get used to it.

But back to interest rates. Over the week we have seen wholesale interest rates decrease slightly in response to some weak economic data and the sharp rise in the currency implying extra disinflationary pressure from that source. The yield on 90-day bank bills has ended near 8.81% from 8.77% last week. The two year swap rate at which we banks borrow to lend fixed has eased from 8.65% to 8.57%.

Later on this year we expect to see wholesale interest rates moving down as we get closer to the time when the Reserve Bank is likely to ease monetary policy and the economic data probably still surprise largely on the downside. Note however that at the same time as we are getting these pieces of information we may see the New Zealand dollar falling away sharply so scope for the Reserve Bank to ease will be limited by the implied improvement in export and import competing sector earnings. And of course inflation will be directly boosted by any fall in the currency.





If I Were a Borrower What Would I Do?

If we look at what has been changing recently it is mainly the negatives strengthening. There are drought conditions in some parts of the country, the Kiwi dollar is heading higher and therefore placing extra downward pressure on some parts of the exporting sector, the global liquidity crisis is turning into a global credit crunch, and data on the housing market and retail spending have been getting worse. If it weren't for the existing strong inflationary pressures in New Zealand and growing worries about inflation internationally we would be talking about monetary policy imminently easing in New Zealand. We still think easing is a wee ways off but the probability of it happening is now strong enough that one can start thinking about fixing for a one-year period rather than a two-year period.

If I were looking to borrow at the moment I would probably look for whoever was offering the most attractive one-year fixed rate. To fix two or three years I would want rates substantially lower than they are now. But the cost of borrowing money to lend fixed for two years is near 8.6% at the moment so a rate of 9% or below would deliver a margin of about 0.4% which is well below the average margin for the past five years of 0.7%. Not only that but in the current global environment of tough liquidity conditions it's fairly unlikely banks anywhere are going to be competing all that aggressively on price.

In fact this week we have seen some banks responding to the increasing difficulty of sourcing their money by raising fixed interest rates across the board by about 0.25%. Our two-year fixed rate is currently at 9.39% which I personally consider expensive given the decline in interest rates we expect later this year and through 2009. Some other banks have their two-year fixed rates closer to 9.7%.

I wouldn't be inclined to go floating unless I could get a rate below the current one-year fixed housing rate.

HOUSING MARKET UPDATE

We've written a lot about housing recently so in the absence of any fresh data this week we will give this section a miss. Having said that, here is an article from the New York Times discussing a point we made last week about home buyers feeling they can keep back from the market safely waiting for even lower prices further down the track.
http://www.nytimes.com/2008/02/26/business/26econ.html?_r=1&ref=business&oref=slogin

Exchange Rates & Foreign Economies

See the Offshore Overview

Data Sources

Interest rates & exchange rates RBNZ at	http://www.rbnz.govt.nz/statistics/
House mortgage data – RBNZ	http://www.rbnz.govt.nz/statistics/monfin/rbssr/rbssrpartE/data.html
House price information - REINZ	http://www.reinz.org.nz/reinz/public/market-information/market-information_home.cfm
NZ economic data, most from Statistics NZ	http://www.stats.govt.nz
Government accounts, NZ Treasury at	http://www.treasury.govt.nz/financialstatements/
Parliament, select committees, publications etc.	http://www.parliament.nz/en-nz

Want more detailed background information on the NZ economy? Start in these places.
http://www.treasury.govt.nz/economy/overview
http://www.oecd.org/country/0,3377,en_33873108_33873658_1_1_1_1_1,00.html
http://www.rbnz.govt.nz/monpol/statements/

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	1.2%	0.5	3.2	2.7	3.2
GDP growth	Average past 10 years = 3.0%	0.5	0.8	2.7	1.6	3.1
Unemployment rate	Average past 10 years = 5.3%	3.4	3.5	......	3.8	3.6
Jobs growth	Average past 10 years = 1.9%	1.1	-0.3	2.5	1.4	1.6
Current a/c deficit	Average past 10 years = 5.5% of GDP	8.3	8.2	......	9.2	8.5
Terms of Trade		3.7	0.4	8.4	-1.3	0.9
Wages Growth	Stats NZ experimental series	1.6	1.2	4.9	4.9	5.1
Retail Sales ex-auto	Average past 9 years = 3.8%.	0.0	0.1	5.2	4.1	6.1
House Prices	Long term average rise 5% p.a.	0.3	2.8	11.4	10.1	14.0
Net migration gain	Av. gain past 10 years = 10,400	+4,804	7,520yr	......	14,130	6,951
Tourism – an. av grth	10 year average growth = 5.0%. Stats NZ	0.5	0.9	2.3	1.4	1.3
		Latest year rate	Prev mth year rate	6 mths ago	Year ago	2 yrs ago
Consumer conf.	10 year average = 2%. Colmar survey	-16	-10	-8	-3	-35
Business activity exps	10 year average = 26%. NBNZ	2.4	18.2	16.7	25.7	-4.4
Household debt	10 year average growth = 11.3%. RBNZ	12.3	12.8	13.7	12.9	15.5
Dwelling sales	10 year average growth = 3.5%. REINZ	-32.1	-21.6	-11.3	19.4	-17.6
Floating Mort. Rate	10 year average = 8.1%	10.69	10.55	10.30	9.55	9.55
3 yr fixed hsg rate	10 year average = 7.9%	9.30	9.19	9.00	8.15	8.15

ECONOMIC FORECASTS

Forecasts at Jan 24 2008	**March Years**					**December Years**				
	2006	2007	2008	2009	2010	2005	2006	2007	2008	2009
GDP - annual average % change										
Private Consumption	4.6	2.6	3.3	0.5	1.7	4.9	2.4	4.1	0.7	1.2
Government Consumption	5	4.4	3.7	3.6	4.2	4.1	4.7	3.9	3.4	4.2
Investment	5.2	-2.3	4.1	1.5	2.7	3.9	-1.6	4.2	1.7	1.9
GNE	4.1	1	4.7	1	2.4	4.2	1	4.9	1.4	1.8
Exports	-0.1	3.1	2.1	3.7	3.8	-0.4	1.7	2.9	3.5	3.7
Imports	4.1	-1.7	8.3	3.4	3.1	5.4	-2.8	8.1	4	3
GDP	2.7	1.6	2.9	1.1	2.5	2.8	1.6	3	1.4	2
Inflation – Consumers Price Index	3.3	2.5	3.4	3.1	2.9	3.2	2.6	3.2	3	3
Employment	2.6	1.7	0.8	0.7	1.8	1.6	1.4	1.8	0.7	1.4
Unemployment Rate %	3.9	3.7	3.8	4.4	4.4	3.6	3.7	3.7	4.3	4.4
Wages	4.6	5.5	4.8	4.2	3.3	5.1	5.5	4.3	4.6	3.5
EXCHANGE RATE ASSUMPTIONS										
NZD/USD	0.64	0.7	0.76	0.67	0.61	0.7	0.69	0.77	0.69	0.62
USD/JPY	117	117	107	112	119	119	117	112	110	118
EUR/USD	1.2	1.32	1.47	1.38	1.31	1.19	1.32	1.46	1.4	1.32
NZD/AUD	0.87	0.88	0.87	0.82	0.79	0.94	0.88	0.88	0.83	0.79
NZD/GBP	0.36	0.36	0.39	0.37	0.34	0.4	0.35	0.38	0.37	0.35
NZD/EUR	0.53	0.53	0.52	0.49	0.47	0.59	0.52	0.53	0.49	0.47
NZD/YEN	74.6	81.9	81.3	75	72.6	82.7	81	86.3	75.9	73.2
TWI	65.6	68.6	70.4	64.6	61	71.9	68	71.6	65.8	61.7
Official Cash Rate	7.25	7.47	8.25	7.75	6.75	6.99	7.44	8.19	8	7
90 Day Bank Bill Rate	7.55	7.78	8.73	7.95	6.98	7.49	7.64	8.77	8.2	7.23
10 year Govt. Bond	5.71	5.91	6.3	6.1	6.3	5.89	5.77	6.38	6.1	6.25
2 Year Swap	6.99	7.76	8.29	7.23	6.65	7.24	7.48	8.58	7.46	6.7

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.