31 October 2016

The Labour Party

- NZ labour market pumping
- But Q3 HLFS jobs/participation face technicalities
- While nominal wage inflation expected moderate
- Building consents still trending higher
- ANZ business survey seems unlikely to weaken
- Inflation expectations survey to note Wednesday

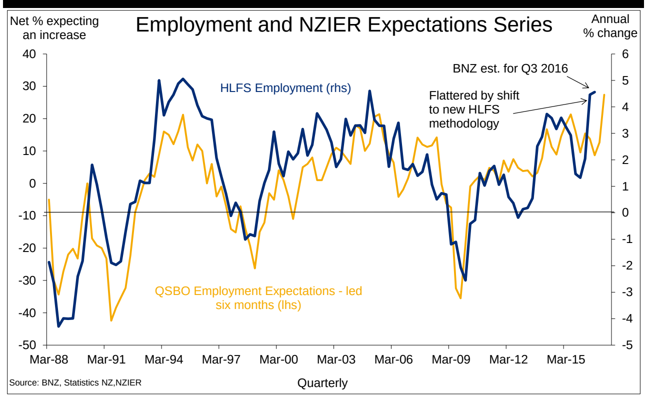
There is a lot to suggest New Zealand's labour market is pumping. However, Wednesday's Household Labour Force Survey (HLFS) faces some technical headwinds. These relate to the fact that its employment and participation measures in the June quarter blew everyone out of the water. Recall that jobs jumped a staggering 2.4% (+4.5% y/y) and participation spiked to 69.7%, from 68.8%. These might be tough acts to follow.

This is especially so, given there was a new HLFS questionnaire introduced in Q2, which caused something of a step-shift in its employment and participation series. Seasonal adjustment factors, in turn, might be thrown around by all of this (so watch for potentially large revisions to Q2 outcomes).

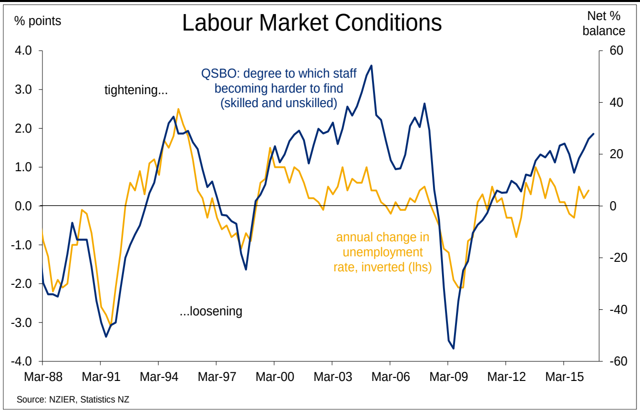
For these, largely statistical, reasons we are picking a 0.2% drop in Q3 employment (for still-strong annual growth of 4.6%), and a 0.6 point drop in the participation rate, to 69.1%. The market seems less fazed by the prospect of "technical difficulties", picking a 0.5% increase in Q3 HFLS employment and a steady participation rate of 69.7%. If it is right then it would simply redouble our belief that the labour market is truly pumping.

The unemployment rate might be less affected by volatility in the HLFS employment and participation measures, which might net off (much as they appeared

Not Unpreceedented



Tightening



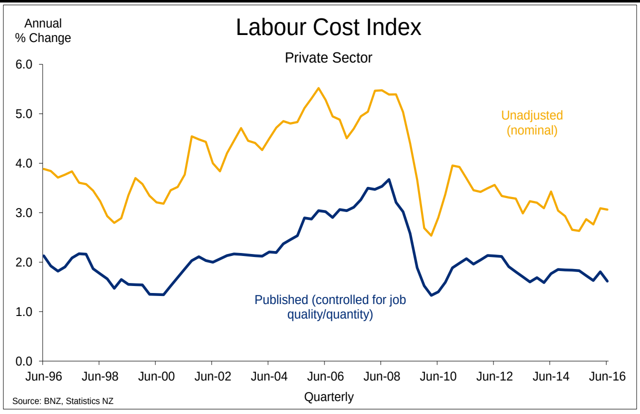
to do for the June quarter, with the unemployment rate shifting up just one-tenth of a point, to 5.1%). We expect this to ease to 4.9% in Q3, in line with broad signs of a tightening labour market (even with record net inward migration). The market is looking for the Q3 unemployment rate to stay at 5.1%.

While we know the RBNZ forecasts the unemployment rate to press down to 4.8% by Q1 2017 and 4.4% by early 2018, we are not aware of what the Reserve Bank officials expect for the Q3 HLFS per se. Indeed, the 11 August Monetary Policy Statement forecasts were finalised before even the Q2 HLFS was published (3 November), and expected annual employment growth of 2.1%. It turned out to be 4.5%. So the Bank is probably feeling in the same boat as we all are, holding our nose on the Q3 HLFS to see how it follows up on its stunning Q2 results.

The accompanying Q3 wage measures come from surveys other than the HLFS, and so should be a comparatively clean read. We look for the private sector Labour Cost Index to increase 0.4% (in line with the market), which would nudge its annual inflation to 1.7%, from 1.6%. The unadjusted LCI – which is more akin to a nominal wage and salary rate index – will likely sustain annual inflation of around the 3.1% it was in Q2. This would imply very strong growth in real wages. The QES equivalent we expect to be running at around 2.5% y/y in the September quarter in question.

Wednesday's Q3 labour market reports will also be instructive for their hours-worked (HLFS) and paid-hours (QES) data. We'll compare these real activity measures to our estimate that Q3 GDP expanded 0.8% (whereas a recent NZIER poll revealed a consensus expectation of 0.4%, which is a gap we've taken note of).

Steady

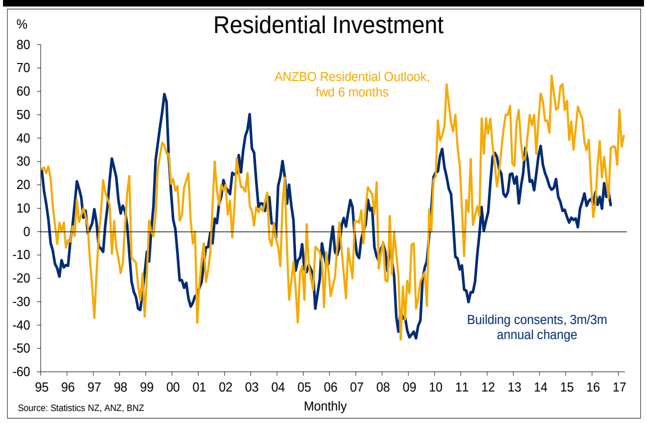


With respect to one of GDP's key driver, this morning's building consents for September stayed supportive. It wasn't obvious from the 0.2% increase in new dwelling consents. But their trend remained clearly positive. September levels were up 13.8% on a year ago. This was in spite of further moderation in Canterbury's issuance, as recent extremes prove hard to sustain. Statistics NZ noted that across the North Island, annual average growth in new dwelling consents hit 25% (with Auckland, at +14%, actually the least fervent of this grouping).

Non-residential consent values in September were down 17.8% y/y, after registering a 20.4% drop over the 12 months to August. However, both of these outcomes reflected unusually high levels at the corresponding points in time last year. Their absolute levels appeared solid, still.

Anyone needing more assurance on the positivity on NZ construction could cast an eye over any recent business survey, wherein respondents have becoming increasingly bullish this year. This afternoon's ANZ business survey will be the latest example (where its view on residential and commercial activity last month was decidedly upbeat). Such that we should expect building consents to maintain more obvious positivity over the coming 3-6 months, at least. The question mark is really about how much of this work can reasonably be completed, in good time, given the industry is already stretched for resources.

More To Come



This afternoon's ANZ business survey will, of course, offer more general insight into NZ economic momentum. Its confidence (+28) and activity (+42) indicators in September epitomised a very optimistic business sector. We can't see what would have spoiled this picture. Indeed there are reasons to believe it's gotten even brighter. In any case, more focus might well be on the survey's inflation gauges. These were still relatively muted in September with one-year-ahead inflation expectations, for example, unchanged at 1.44%.

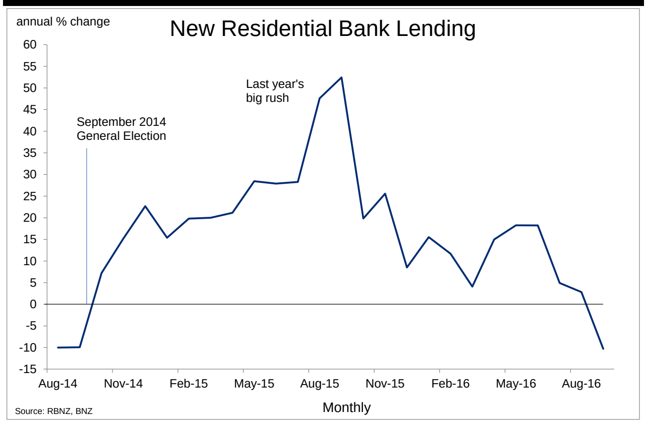
For this afternoon's credit aggregates, we are on guard for a slowdown in housing credit, as some impact from the latest LVR restrictions follow through. However, we also have to say, there weren't any signs of such in August when annual growth pushed higher to 9.2%. And the new residential lending (flow) figures we saw for September did not look weak, inherently. Yes, they were down noticeably on a year, much like recent mortgage approvals data were. But this time a year ago there was quite some bulge in housing and credit activity, ahead of the policy changes of October/November 2015.

More real-time insight into the housing market will be given by Tuesday's (midday) Quotable Value NZ report. For October, its nationwide annual house price inflation measure could go either way, from the 14.3% it printed for September, as the regional variations intensify. But, again, the real news will be in its anecdotal feedback, post the latest LVR tightening measures.

As for whether we'll see debt-to-income (DTI) lending caps anytime soon, however, we remain even less convinced. While the RBNZ has requested the government formally add this policy measure to its arsenal, Finance Minister, Bill English, has just prolonged the process by asking for more information on the proposal. We sense the government is less keen on the DTI measure than the RBNZ is, mindful of how political the macro-prudential policy to date has become (and an election due by mid-November 2017).

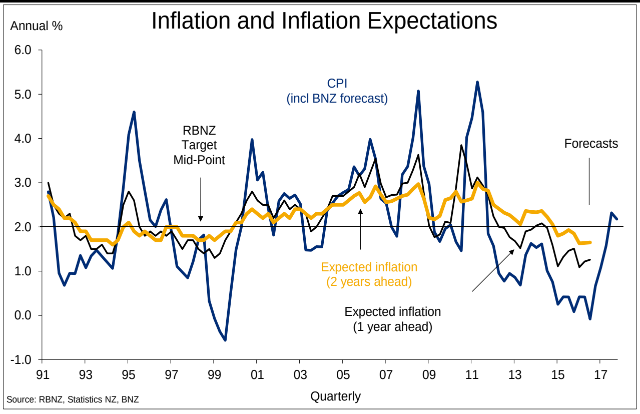
In commodity news, this begins with Wednesday's (early morning, NZ time) dairy auction. The indicators for this auction are generally positive. Further price gains at this

A Bum's Rush



auction would add to the upside risk around our current $5.30 forecast for Fonterra's 2016/17 milk price.
For Thursday's (1:00pm) ANZ commodity export prices, we look for a small gain in world price terms for October.

Basing?



Most closely followed in Wednesday's (3:00pm) RBNZ survey of expectations will, as usual, be respondents' CPI inflation expectations. Last quarter, these were 1.26% at the one-year horizon and 1.65% at the two-year. The RBNZ would prefer to see these gauges move higher, and this might seem the bias looking far enough ahead, but we wouldn't bet on it for Wednesday's survey.

Also watch for publication of new 5-year and 10-year inflation expectations in this survey. While the RBNZ indicated these would be delayed, we can vouch for the fact that they were asked of respondents this quarter.

Finally for the week, there are the Crown accounts. With the year to June results now out in the open, the accumulated 3-months to September results, due Friday (10:00am) will give good insight into how fiscal year 2016/17 has begun. We wouldn't be surprised to see further good progress on this front.

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Global Watch

- Offshore risk events: A very big week with the RBA, BoJ, US Fed and BoE all meeting with the market expecting all to be on hold. In terms of dataflow, it will be dominated by the US and China. Key Chinese PMIs are Tuesday, and thereafter US data will dominate with the key US Manufacturing ISM Tuesday, the Non-manufacturing ISM Thursday and the biggest mover of markets this year — Non-farm Payrolls Friday.
- Australia: A huge week ahead with the most market moving pieces being the RBA Board Meeting Tuesday where we expect rates to be unchanged (and after that the second race that stops the nation the Melbourne Cup), then Retail Sales and the RBA's Statement on Monetary Policy Friday. There is plenty of other top-tier data too with RBA Credit Statistics Monday, Building Approvals Wednesday and the Trade Balance Thursday.
- China: A key week, with the October official Manufacturing and Non-manufacturing PMIs Tuesday and the unofficial Caixin measures Tuesday and Thursday.
- US: There is plenty of key data out along with the November FOMC meeting result Wednesday (expect on hold with a pointer towards a December rate hike). The Fed's preferred inflation measure (the PCE) is Monday along with the Chicago PMI which is a good indicator of the more market moving ISM Manufacturing Tuesday. Wednesday sees the ADP measure of payrolls, and Thursday has the ISM Non-manufacturing – both of which can be a guide to the more important Non-farm Payrolls release Friday. Following the FOMC meeting, Fed jive talking resumes with Fischer Friday along with Lockhart.
- Japan: The BoJ meets Tuesday where no changes are expected. There is also plenty of data including Industrial Production and Retail Trade Monday, the Nikkei Manufacturing PMI Tuesday and the Non-manufacturing PMIs Friday.
- Euro: The CPI is on Monday, and the unemployment rate is Thursday. Ahead of those pieces, German Retail Sales is Monday and unemployment figures are Wednesday.
- UK: The BoE meets Thursday (no move expected) in a quiet data week with only the PMIs likely to garner attention; Construction is Tuesday and Services Thursday.

Australia

It is a huge week for economists in Australia with three key domestic risk events being the RBA Board Meeting Tuesday, and then Retail Sales and the RBA Statement on Monetary Policy Friday. There is also plenty of top-tier data too, including RBA Credit Statistics Monday, Building Approvals Tuesday and the Trade Balance Thursday. Amongst the second-tier data flow our attention will be focused on the Melbourne Institute unofficial Monthly Inflation Gauge Monday, and on whether weekly

Chart 1: RBA To Be On Hold Tuesday, Enjoy The Melb Cup

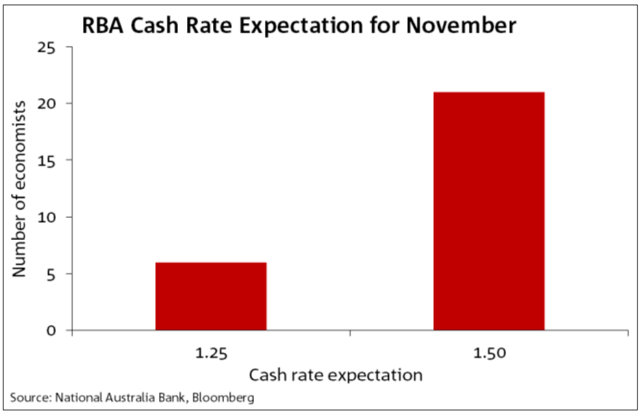
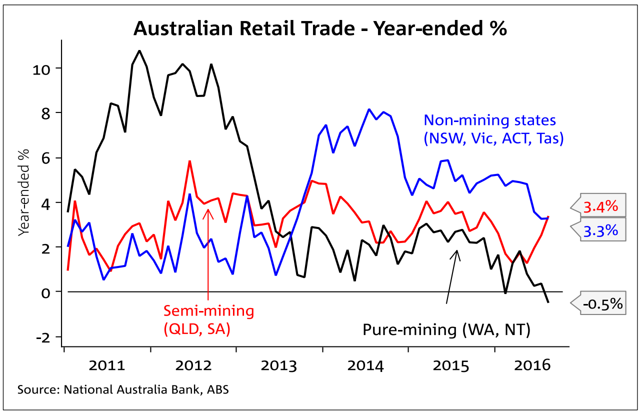


Chart 2: Retail Sales Remain Weak; Weak WA A Factor



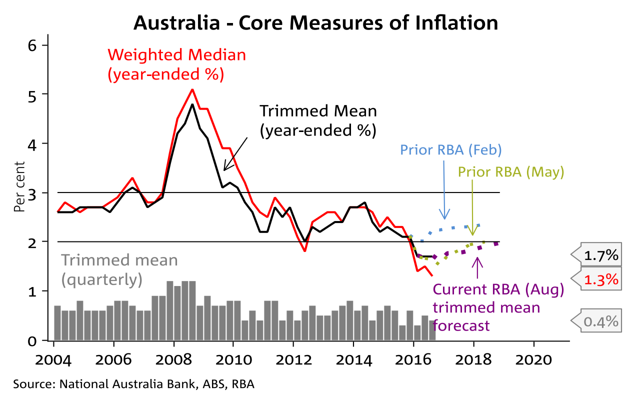
Consumer Confidence on Tuesday bounces back after its sharp fall last week.

First to the RBA. NAB, along with the majority of economists (21 out of 27) and the market (which only prices a 6% chance of a rate cut) expect the RBA to be on hold (Chart 1). Although most economists are expecting the RBA to be on hold, attention will be paid to any comments around the inflation figures and on the softening that appears to be occurring in the labour market. Overall that could mean a soft tone to the post meeting statement even if there is not an overt easing bias inserted into the final statement. It is also worth mentioning that the meeting will also encompass updated forecasts.

As for details on the major pieces of data since the last board meeting, the core Trimmed Mean inflation figure was bang in line with the RBA's expectations and hence not an immediate trigger for a rate cut (Chart 3). We also think that higher commodity prices and the high headline inflation rate should help reassure that inflation expectations are stabilising. On inflation expectations we note the Melbourne Institute's measure of consumer inflation expectation for October rose 0.4% points with the market measures also rising on the back of higher oil prices (Chart 4).

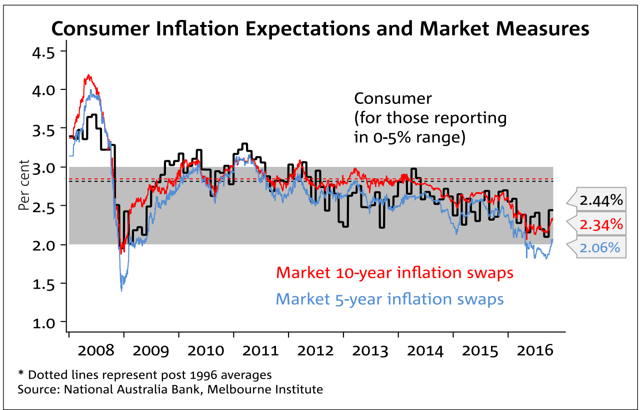
A key uncertainty remains over the outlook for the economy, namely the labour market where employment growth has clearly slowed in the larger non-mining states of NSW and Victoria. It's likely the RBA will note this, but we think the RBA will need time to monitor and assess the developments, while weighing this against a more buoyant housing market where house prices appear on the march again in Sydney and Melbourne.

Chart 3: Core Inflation Bang Online With The RBA's Track



On Friday the RBA will release their updated forecasts of the economy in the Statement on Monetary Policy. We expect the Statement to further elaborate on the outlook for inflation, the labour market and provide further coverage of the housing market, where recent house price growth is challenging the RBA's assertions that risks in the housing market have moderated.

Chart 4: Inflation Expectations Rose From Their Lows In Oct

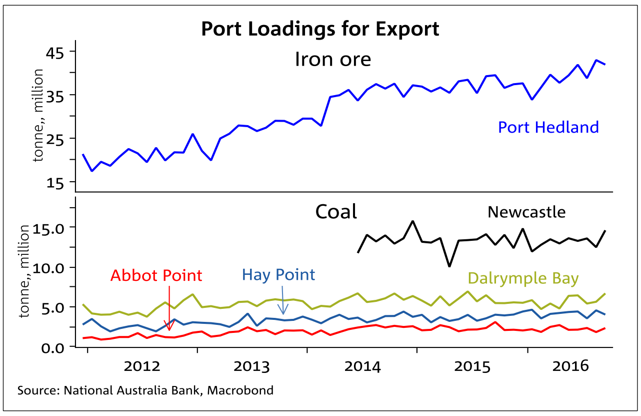


Also on Friday the ABS releases Retail Trade data for September. Monthly Retail Sales are expected to have risen 0.4% m/m, the same pace of growth as the prior month. For the more important quarterly volume series which feeds into GDP, retail trade is expected to moderate to increase by just 0.2% q/q, well below last quarter's 0.4% increase. NAB expects Retail Trade to print softer for the monthly number at 0.3%, but stronger for the quarterly number at 0.4%.

For the other top-tier data, the consensus for Monday's Credit Statistics is a 0.4% m/m increase (NAB is expecting the same), while Building Approvals on Wednesday are expected to moderate slightly and be down 3% m/m (NAB is similar in expecting -2% m/m).

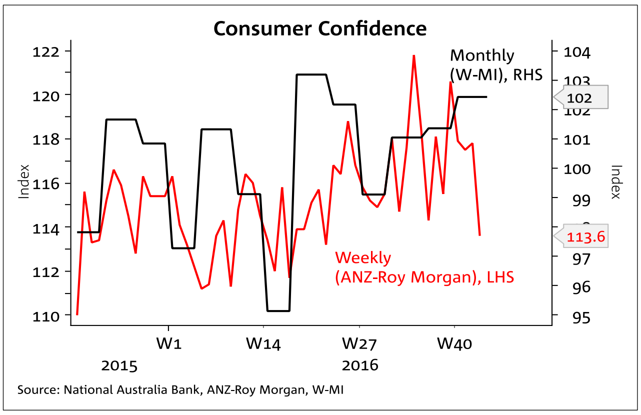
As for the Trade Deficit, the market is looking for an improvement to $1.7bn, down from the $2bn figure recorded in August. NAB is slightly weaker than the consensus in expecting an unchanged figure. On this we note that the recent surge in coking coal is unlikely to be picked up by the data until the October figures. Port Loadings for export suggests iron ore exports declined slightly in the quarter while coal exports rose – and according to our calculations these two figures should broadly offset each other.

Chart 5: Lower Iron Ore Loadings Offset By Surge In Coal



There is also plenty of second tier data this week, including the unofficial Monthly Inflation Gauge Monday, Weekly Consumer Confidence Tuesday and the set of AiG surveys for October. The weekly consumer confidence number will likely garner some attention given its sharp fall last week – and whether a bounce back is likely (Chart 6).

Chart 6: Will Weekly Consumer Confidence Bounce Back?



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Fixed Interest Market

Reuters: BNZL, BNZM Bloomberg:BNZ

There is no shortage of event risk for rates this week, both domestically and globally. Domestically the focus will fall on the mid-week release of the Q3 employment report. We expect trend improvement will continue. However be aware of the potential for technical factors to make some headlines appear softer.

Wednesday's release of RBNZ's Q4 inflation expectations survey will also gain more than the usual attention, given the Bank's recent emphasis on these. Recall, in its August MPS the Bank stated that; "the sustained weakness in headline inflation risks further declines in inflation expectations". Therefore, it would likely be relieved if there were further signs of stabilisation/rebound after Q3's reading of 1.65% for 2-year-ahead inflation expectations.

Regardless of data outcomes we think a cut from the RBNZ is almost baked in the cake for next week. However, this week's data may have influence how the market views risks around RBNZ activity post the November meeting. Currently the market prices less than a 20% chance that the RBNZ delivers another cut to the OCR i.e. beyond 1.75%.

We prefer looking for opportunities to pay mid-curve swaps on dips rather than receiving short-end swaps on sell-offs. We believe we are approaching the last OCR cut for this cycle and the market still under-prices the eventual next hiking cycle. We believe the recent tick-up in mid-curve yields has further to run. Further upside to offshore yields, that we anticipate as we move through 2017, will also complement these domestic forces.

Offshore, Central Banks will be in focus. The RBA, BoJ, BoE and Fed all meet this week. The RBA is widely expected to leave its cash rate unchanged tomorrow. Looking ahead the market prices around a 40% chance the RBA delivers a further 25bps cut within the year ahead. Our NAB colleagues remain of the view that the RBA will ultimately deliver 50bps of cuts in the latter half of next year to stave off slowing growth momentum, heading into 2018.

The rise in long yields globally may well extend this week, though the Fed is unlikely to be the primary catalyst. In fact the 30bps rise in US 10-year yields over the past month has occurred as expectations for the path of the Fed funds rate have remained virtually unchanged. Rather, a rise in yields outside of the US has been playing a key role. In particular, the 60bps rise in UK 10-year yields over the period, is noteworthy. UK data have generally been beating depressed post-Brexit expectations and the plummeting GBP raises the spectre of inflation further down the track. Consequently, the market now prices very little chance of any further rate cuts from the BoE. Certainly no action is expected this week.

Thursday morning's FOMC meeting is likely to be overshadowed by the looming US election next Tuesday. The latter has much greater potential to throw up an unexpected result than the former. Fed Chair Yellen will likely make clear the Fed is on track for a December hike (unless side-swiped by an unexpected development), as the market already prices. The market prices close to an 80% chance of a December hike.

The Fed's message of a longer-term gradualist approach to raising rates will no doubt remain. The Fed's preferred inflation measure (PCE deflator) is due Monday. It will likely confirm that although inflation is picking up, it does not yet threaten the Fed's gradualist approach.

Finally, Friday night brings the latest US payrolls data. Given everything else that is going on it would likely need to be a complete shocker (in either direction), to get a notable market response. Overall, we continue to see US 10-year yields finding resistance as they approach 1.90% which marks their highest trading level since April. Meanwhile, NZ 10-year swaps have broken through their 200-day moving average at 2.80%. The risk near-term is that global momentum carries yields toward 3.0%, a level last seen in early-June.

change (bps)	90 day bills	12/17 NZGB	04/27 NZGB	2yr swaps	10yr swaps	2yr/10yr swaps (bps)
24-Oct-16	2.13%	1.88%	2.59%	2.08%	2.73%	66
31-Oct-16	2.12%	1.88%	2.69%	2.14%	2.85%	71
Change (bps)	**-1**	**0**	**10**	**6**	**12**	**6**

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Key Fixed Interest Views

Category		31-Oct-16	Tactical (1w)	Strategic (6-12m)	Comments
NZ Money Markets	**OCR**	**2.00%**	→	↓	We expect the RBNZ to cut at its 10 November meeting, taking the OCR to the historic low of 1.75%.
NZ Swap Yields	**2y**	**2.14%**	→	→	Data this week may simply confirm markets' view that November cut may be RBNZ's last.
	5y	**2.42%**	↗	↗	Mid-curve may feel further upward pressure. Likely to find resistance if yields nudge above 2.50%
	10y	**2.85%**	↗	↑	Offshore pressures may sustain upward momentum in yields this week.
NZ Swap Curve	**2s-10s**	**0.70%**	→	↑	We target steepening to 80bps over the medium-term.
NZ Bond Yields	**NZGB 2027s**	**2.71%**	↗	↑	Direction to be determined by offshore developments this week.
NZ-AU Swap Spreads	**2y**	**0.38%**	→	↑	In process of bottoming. Widening over longer-term as RBA easing cycle is more extended than RBNZ's.
NZ Swap-Bond Spread	**2027s ASM**	**0.17%**	→	↑	NZ swap and bond yields feeling similar global pressures at present.
US Bond Yields	**10y**	**1.85%**	↗	↑	Plenty of event risk this week, though we continue to see resistance as yields approach 1.90%.
NZ-US Bond Spread	**NZ-US 2027s**	**0.83%**	→	↘	We continue to see a 60-100bps range in coming months.
NZ-AU Bond Spread	**NZ-AU 2027s**	**0.31%**	→	→	Spreads remain within the 10-50bps range that we see as likely through to year-end.

Source: Bloomberg, BNZ

Foreign Exchange Markets

Reuters pg BNZWFWDS Bloomberg pg BNZ9

The NZD was flat last week and traded in tight ranges, with no real news to drive currencies. This week is the polar opposite with 4 key central bank policy meetings and a plethora of economic data. Saturday morning's revelation that the FBI will be reopening its investigation into Hilary Clinton's emails will also overhang the market this week. If this development morphs into something more critical to Clinton's election chances, then the working assumption that Clinton is a shoe-in will need to be reassessed, raising the chance of increased market volatility.

In local data releases this week, today's ANZ business outlook survey should pass without too much fanfare. It might be difficult to match last month's bumper confidence and activity indicators, and inflation expectations are expected to remain low. The highlight will be Wednesday's labour market data. The changed HLFS survey could result in some rogue figures hitting the wires. BNZ is out on a limb picking a modest fall in employment against some punters picking another strong result. We'd suggest focusing more attention on the unemployment rate than the employment/participation rate components. And we see more chance of that falling than rising from Q2's 5.1% result, indicative of a tightening labour market. And wage data, showing upward pressure, should corroborate that view.
All up, the data should be NZD-supportive.

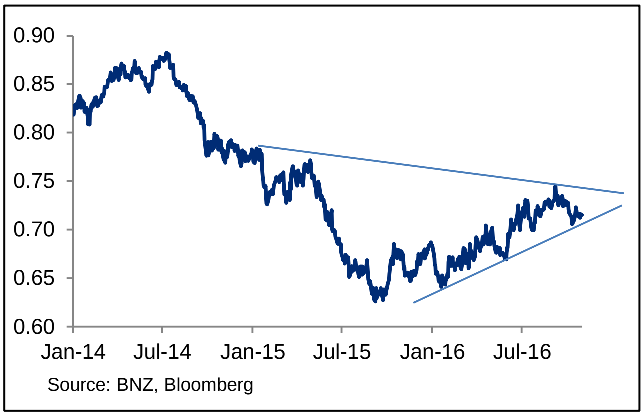
Ahead of the labour market data, Wednesday early morning's GDT dairy auction is expected to be positive, if the recent strength in NZX dairy futures is anything to go by – another NZD-supportive event. Later on Wednesday, the RBNZ releases its inflation expectations measures. These aren't expected to show significant movement.

Internationally, the RBA, BoJ, Fed and BoE give policy updates. None are expected to change policy settings. The RBA is expected to maintain a neutral bias, giving no hints of further easing. The BoJ isn't expected to do anything after introducing its new yield curve control policy last month. The Fed's policy tone should remain unchanged and that means keeping alive the prospect of a December rate hike. Any thoughts of further BoE easing this year have been quashed by the weaker GBP trend and recent activity data holding up better than expected. Attention in the UK is focusing towards the tenure of Carney's reign at the top, with an announcement possible this week as to his intentions.

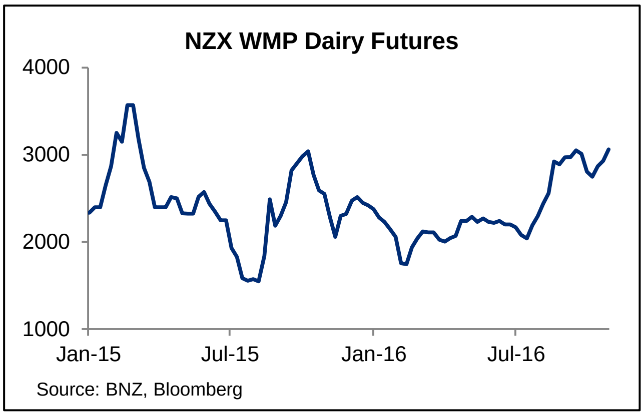
The US employment report on Friday night is the highlight of the international data calendar this week. It is expected to show employment and unemployment in line with recent trends, consistent with the Fed hiking in December. Before that ISM manufacturing and non-manufacturing ISM indicators will be released, again expected to be strong enough to keep the Fed on track for further tightening.

All up, there's plenty of news this week, including other indicators we haven't had a chance to mention. But none of it – barring Trump/Clinton shocks – should rock the boat and, with the NZD close to fairly priced, we see it tracking in familiar ranges – good support at 0.7030 and resistance around 0.7250.

NZD – Consolidation phase ahead



NZX dairy futures recover as production outlook moderates



Cross Rates and Model Estimates

	Current	Last 3-weeks range*
NZD/USD	0.7156	0.7040 - 0.7270
NZD/AUD	0.9427	0.9280 - 0.9460
NZD/GBP	0.5876	0.5730 - 0.5920
NZD/EUR	0.6510	0.6340 - 0.6630
NZD/JPY	74.72	72.80 - 75.40

*Indicative range over last 3 weeks, rounded figures

BNZ Short-term Fair Value Models

	Model Est.	Actual/FV
NZD/USD	0.7080	1%
NZD/AUD	0.9020	5%

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Technicals

NZD/USD

Outlook: Range bound
ST Resistance: 0.7200 (ahead of 0.7265)
ST Support: 0.7070 (ahead of 0.6980)

The bottom of the trend channel remains in focus and on that basis 0.7070 is an important level of support, just ahead of the recent 0.7030 low. Beyond that there is plenty of support close to the 200-day moving average of 0.6980. Top level resistance is around 0.72, ahead of the recent peak of 0.7265.

NZD/AUD

Outlook: Downside support?
ST Resistance: 0.9500 (ahead of 0.9600)
ST Support: 0.9340 (ahead of 0.9320)

The 200-day moving average has been tested over recent weeks, but a modest recovery sees that as an important support level around 0.9340, ahead of trendline support around 0.9320. There's not a lot a near term resistance ahead. In the absence of any strong levels, let's call it 0.95.

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NZ 5-year Swap Rate

Outlook: Higher
MT Resistance: 2.49
MT Support: 2.15

Still expect move to 2.49 and potentially 2.57. Trendline support comes in at 2.36 and expect that to hold.

NZ 2-year - 5-year Swap Spread (yield curve)

Outlook: Steeper
ST Resistance: +33
ST Support: +16

Expect steepening to continue with resistance at +33 and then +43.

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Key Upcoming Events

	Forecast	Median	Last
Monday 31 October			
NZ, Building Consents, September (res, #)			-1.0%
NZ, Household Credit, September y/y			+8.7%
NZ, ANZ Business Survey, October			+27.9
Aus, Private Sector Credit, September	+0.4%	+0.4%	+0.4%
Aus, Inflation Gauge (Melbourne Institute), October y/y			+1.3%
Jpn, Industrial Production, September 1st est		+0.9%	+1.3%
Euro, CPI, Oct y/y 1st est		+0.5%	+0.4%
Euro, GDP, Q3 1st estimate		+0.3%	+0.3%
US, Chicago PMI, October		54.0	54.2
US, Personal Spending, September		+0.4%	flat
Tuesday 1 November			
NZ, QVNZ House Prices, October			+14.3%
Aus, RBA Policy Announcement	1.50%	1.50%	1.50%
China, PMI (NBS), September		50.3	50.4
China, Non-manufacturing PMI, September			53.7
Jpn, BOJ Policy, Money Base Target		+¥80T p.a.	+¥80T p.a.
UK, Markit/CIPS Manuf Survey, October		54.5	55.4
US, Construction Spending, September		+0.5%	-0.7
US, ISM Manufacturing, October		51.7	51.5
Wednesday 2 November			
NZ, LCI Priv Ord Wages, Q3 y/y	+1.7%		+1.6%
NZ, HLFS Employment, Q3	-0.2%	+0.5%	+2.4%
NZ, RBNZ 2yr Inflation Expectations, Q4			+1.65%

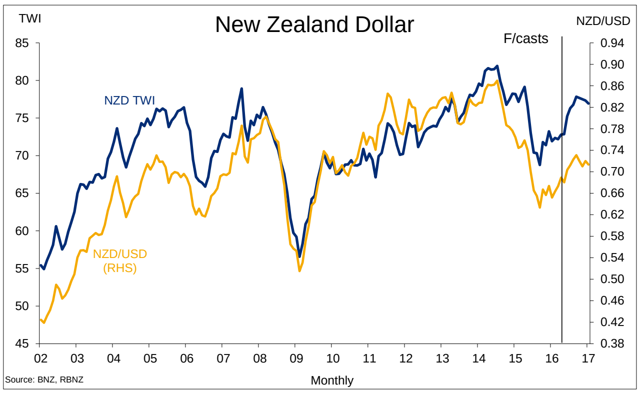
	Forecast	Median	Last
Wednesday 2 November...*continued*			
NZ, Dairy Auction			+1.4%
Aus, Building Approvals, September	-2.0%	-3.0%	-1.8%
US, FOMC Policy Announcement	0.50%	0.50%	0.50%
US, ADP Employment, October		+158k	+154k
Thursday 3 November			
NZ, ANZ Comdty Prices (world), October			+5.0%
Aus, International Trade, September	-$2.0b	-$1.70b	-$2.01b
China, Services PMI (Caixin), October			52.0
Euro, ECB Economic Bulletin			
UK, BOE Policy Announcement		0.25%	0.25%
UK, Markit/CIPS Services, October		52.5	52.6
UK, BOE Inflation Report			
US, ISM Non-Manuf, October		56.0	57.1
US, Factory Orders, September		+0.4%	+0.2%
US, Productivity (non-farm), Q3 saar 1st est		+1.6%	-0.6%
Friday 4 November			
NZ, Crown Financial Statements, 3m-to-September 2016			
Aus, Qtly Monetary Statement			
Aus, Retail Trade, September	+0.3%	+0.4%	+0.4%
US, Unemployment Rate, October		4.9%	5.0%
US, Fed's Fischer Speaks, IMF Event			
US, International Trade, September		-$38.5b	-$40.7b
US, Non-Farm Payrolls, October		+175k	+156k

Historical Data

	Today	Week Ago	Month Ago	Year Ago
CASH & BANK BILLS				
Call	2.00	2.00	2.00	2.75
1mth	2.10	2.12	2.19	2.87
2mth	2.12	2.13	2.20	2.88
3mth	2.14	2.13	2.20	2.88
6mth	2.13	2.12	2.20	2.87
GOVERNMENT STOCK				
12/17	1.88	1.86	1.84	2.52
03/19	1.98	1.90	1.87	2.60
04/20	2.08	1.99	1.92	2.72
05/21	2.16	2.05	1.97	2.81
04/23	2.36	2.24	2.11	3.01
04/25	2.55	2.42	2.27	0.00
04/27	2.69	2.56	2.38	3.32
04/33	3.01	2.87	2.71	3.62
GLOBAL CREDIT INDICES (ITRXX)				
AUD 5Y	103.0	102.75	102.50	116.75
N. AMERICA 5Y	77.59	73.72	76.82	78.57
EUROPE 5Y	72.65	70.30	70.78	71.16
SWAP RATES				
2 years	2.13	2.08	2.02	2.75
3 years	2.23	2.15	2.04	2.81
5 years	2.42	2.31	2.17	3.04
10 years	2.82	2.71	2.51	3.51

	Today	Week Ago	Month Ago	Year Ago
FOREIGN EXCHANGE				
NZD/USD	0.716	0.7115	0.7227	0.6777
NZD/AUD	0.9428	0.9363	0.9493	0.9355
NZD/JPY	74.91	74.186	72.996	82.004
NZD/EUR	0.652	0.6544	0.6434	0.6132
NZD/GBP	0.587	0.5824	0.5573	0.4416
NZD/CAD	0.960	0.9496	0.9517	0.8920
TWI	77.34	76.87	76.92	72.93

NZD Outlook



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