31 July 2017

Could The RBNZ Ease?

- Inflation surprisingly low
- Currency surprisingly high
- And building activity may trigger alternate RBNZ scenario
- RBNZ will surely not adopt a tightening bias
- But ever strengthening economy does not need more stimulus

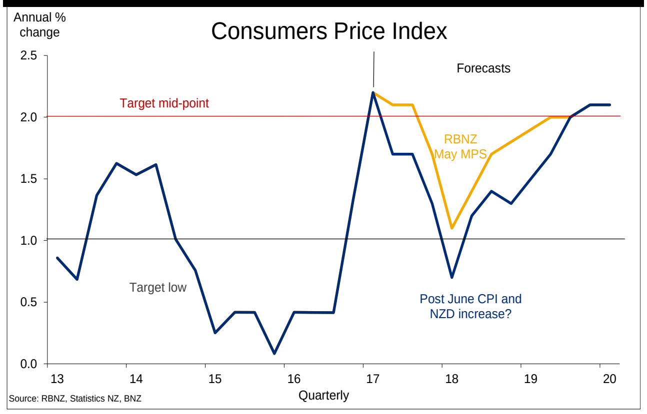
A purely mechanistic approach to monetary policy would now argue for a cut in New Zealand's cash rate. At the time of the May Monetary Policy Statement, RBNZ spokespeople were clear in their message that there was an equal chance of a rate cut as a rate hike. Since that time the balance of economic data that we have received suggests that the RBNZ should be lowering its CPI inflation forecasts to levels that are not only well below the mid-point of the RBNZ's target band but staying there for some time.

To start with, June quarter headline inflation surprised the RBNZ significantly to the downside. The zero quarterly reading saw annual CPI inflation drop to 1.7% - a considerable 0.4% lower than the RBNZ had forecast. Sure, a lot of this was to do with plummeting petrol prices but to the extent that headline inflation impacts inflation expectations and wage setting behaviour it still matters. Also there were some other one offs (namely fruit and vege prices) which provided a partially offsetting shock.

Moreover, for the first time in seven quarters, the RBNZ's, somewhat esoteric, but preferred, core measure of inflation (the sectoral factor model estimate) fell. Not only did it fall but at 1.4% it's well shy of the 2.0% target. To cap things off, it seems to be a measure that is hard to budge with the annual reading having been in a range of 1.2 – 1.5% for 22 quarters.

Assuming no reversal of the "shocks" that impacted the second quarter's outturn, the RBNZ's annual CPI inflation projection would fall to 0.7% by March 2018. But that's not where it all finishes. On top of this, the New Zealand dollar has again "misbehaved". The current TWI of 79.16 is 4.5% above the level that the RBNZ had assumed for the September quarter. Our back of the envelope calculation combining both the starting point adjustment and the currency impact (and excluding all other factors) would produce a new RBNZ track something like that in the graph below.

NZD and starting point kill forecast inflation



This would most certainly provide room for the RBNZ to justify an easing. But it doesn't end there. The spread between lending rates and the OCR have been widening suggesting that the RBNZ has witnessed a tightening that it didn't deem necessary. This adds to pressure for an offsetting rate cut.

And last but not least, the housing market must surely have softened more than the Bank had assumed when it put together its May forecasts. This may, or may not, matter in a strict inflation outlook sense but we, amongst others, have argued that rampant house price inflation would restrict the RBNZ's ability to cut rates if for no other reason than the threat to financial stability that such a cut would generate. While one can still argue that house values are too high, the argument for not cutting because of the state of the housing market is diminished.

Divulging the likely course of action from Assistant Governor, John McDermott's, recent "framework speech" is not easy. Without going into details of the speech we can, however, conclude the following:

- Core inflation is, and will likely remain for some time, below the RBNZ's 2.0% target;
- The economy is operating near potential and will, on average, continue to grow at potential hence having a relatively neutral impact on inflation;
- The current level of the OCR is already highly stimulatory.

What is less conclusive is whether the RBNZ thinks you would need even lower interest rates to eventually push the economy above potential and thus create the requisite inflation. That is certainly what a cursory examination of the framework would suggest.

It's not all one way traffic, of course. On the positive surprise front we can include:

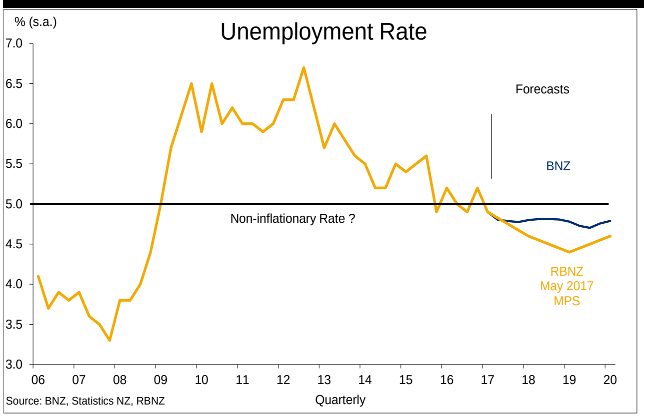
- Higher than expected dairy prices;
- A positive terms of trade outlook which, in part, justifies the strength in the currency;
- The prospect of much easier fiscal policy than thought.

At the very least, it looks highly unlikely that the RBNZ could move to a more hawkish stance than it produced in its May Monetary Policy Statement. We don't think the RBNZ will cut as we maintain our view that, whether or not inflation responds, our economy is currently sufficiently capacity constrained and growing well enough that it needs no extra stimulus from the central bank. But, having said all that, the warning signs that we have identified above simply cannot be ignored.

Labour market data will be a focal point for the RBNZ as it assesses both the level of spare capacity in the economy and the wage/inflationary pressure that emanates from it. With this in mind, Wednesday's Labour Market Statistics will be followed with some interest. Given that the RBNZ has the unemployment rate falling to 4.6% by March 2018 and the Labour Cost Index rising by an annual 2.0%, at that time, it seems unlikely to us that this week's labour data could move the RBNZ to a more hawkish stance.

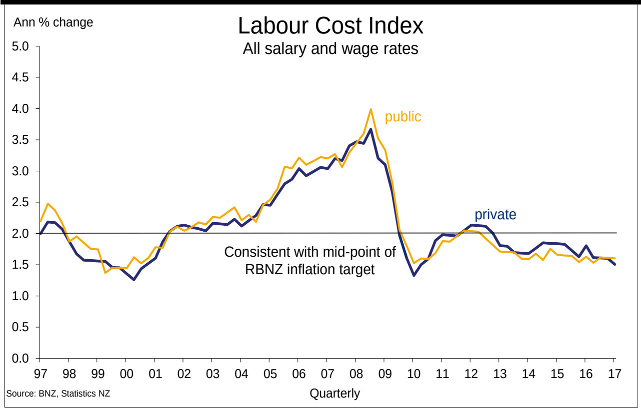
We are forecasting the unemployment rate to drop further to 4.8% thanks to a 0.7% increase in employment and a participation rate of 70.6%. This will reinforce our view that the labour market continues to tighten and the unemployment rate, if not already at the NAIRU, must be rapidly approaching an inflationary level.

Labour market keeps tightening



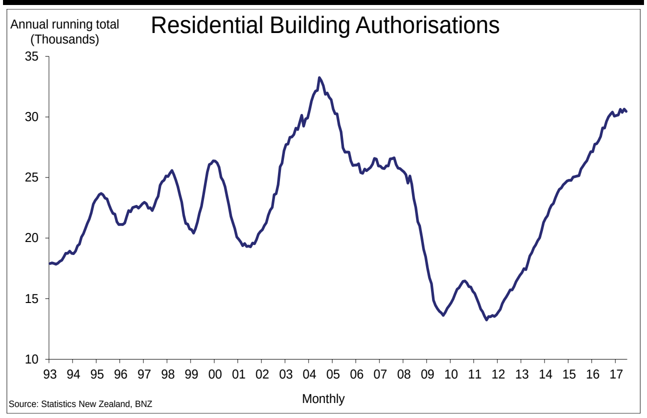
We estimate that the Labour Cost Index (private sector all salary and wage rates) rose 0.4% for the quarter, 1.6% for the year. This is also the consensus view. The RBNZ's forecast is 0.6% and 1.7% respectively. Note that rounding issues make the comparison a little confusing. The key, though, is that it will take a big surprise for wage growth to exceed the RBNZ's assumptions by a meaningful margin.

LCI wage growth remains muted



Building permit data, released this morning, show that construction activity is under pressure. Total new dwelling permits for the three months ended June were 2.3% down on year earlier levels. Moreover, it looks like annual permit numbers may have peaked at around the 30,650 mark.

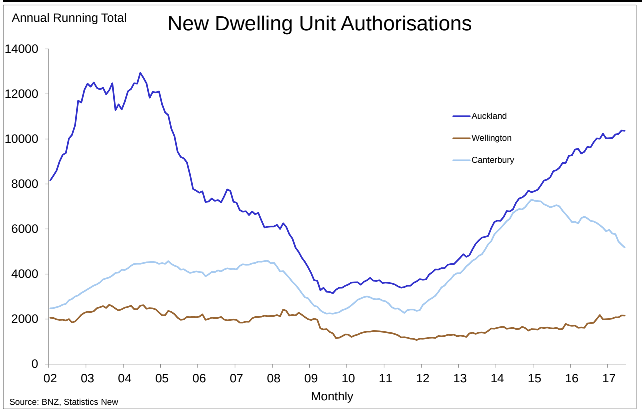
Residential building peaks?



It is tempting to blame this on such things as tighter RBNZ macro-prudential policy, the excessive cost of building, and lack of financing for developers. Certainly all of these things are playing a part but the really big story is that residential building activity in Canterbury is plummeting. June quarter/June quarter new dwelling units authorized for Auckland were up 7.0%. In Wellington the increase was 14.5%. In Canterbury authorisations were down 34%. Prior to the earthquakes annual authorisations in Canterbury were running roughly between 2,500 and 4,500. Post-earthquake they peaked at 7,308.

They are now at 5,180 and still have some way to fall. A drop of another 20% or so is quite likely. Significant acceleration will be required around the rest of the country simply to offset this impact.

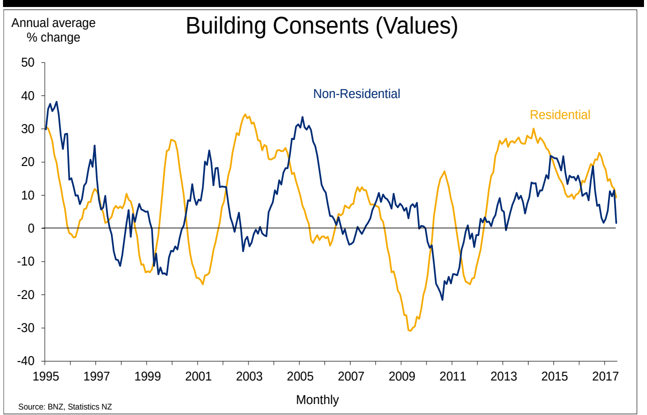
Canterbury to blame?



This may prove to be more important than many might think. Recall that the RBNZ in its May MPS noted in its scenario analysis that if its residential investment growth forecast do not materialize then cash rates might need to fall. As things stand, the RBNZ is forecasting residential gross fixed capital formation to rise 7.0% in the year ended March 2018. Our current projection is for an increase of 1.6%. If we are right then the bias to ease is extended further.

Interestingly, it's not only residential consents that are under pressure. Total non-residential consents for the June quarter were down 13.2% in value on last year's levels. In real terms the fall would be even greater given that we estimate that the non-residential building Capital Goods Price Index is up over 5.0% for the year.

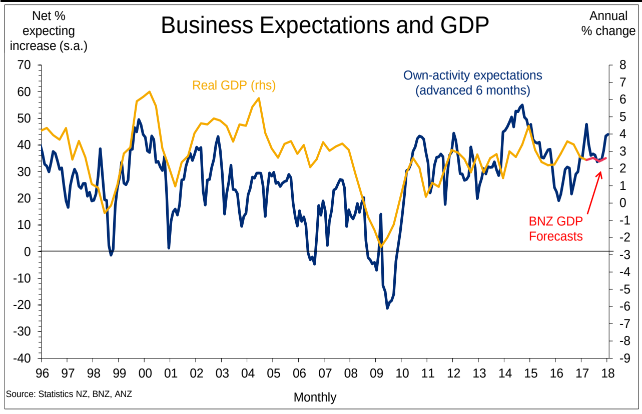
Non residential consents weak



Nonetheless, this afternoon's ANZ Survey of Business Opinion did nothing to dissuade us of our view that the economic expansion looks set to roll on, in aggregate, despite the odd weak spot showing up.

The dip in own-activity to 40.3 from 42.8 is simply seasonal in nature. Importantly, the current level of own-activity confidence is still consistent with GDP growth of 4.0% - well above our own forecasts.

Business expectations remain lofty



Similarly, employment intentions are consistent with a labour market stronger than we are anticipating suggesting that wage pressures may yet surprise to the upside.

Nonetheless, the story remains the same on the inflation front. Pricing intentions actually fell, albeit they still tend to be supportive of CPI inflation closer to the mid-point of the target band than it currently is. And inflation expectations were unchanged at 2.0%. There is nothing in this to flush the hawks out in the RBNZ.

Interestingly, and supportive of our earlier comments on construction, both residential and commercial construction expectations are showing signs of weakness. While this is supportive of our own view of the world, this may lend weight to the RBNZ's alternative scenario for construction activity.

Overall, though, there was nothing in the ANZ survey that should change anyone's preconceived views as to how the New Zealand economy is evolving.

Aside from the "bigger" data already released and due for publication, there's also a pile of partial data to come out over the week that is still worthy of note:

- Wednesday morning is the latest GdT auction. It's been all good news on the dairy front recently and the auction outcome is expected to be no different. While we are anticipating only a modest increase in prices this will help support our suspicions that the dairy payout will push higher than our current formal forecast with a number in excess of $7.00 quite plausible if current prices are sustained.

- Wednesday also sees the QVNZ housing report for July. We expect more of the same: namely sales down, Auckland prices under pressure but pockets of life elsewhere,

- On Thursday we get both ANZ jobs ads (which should provide further evidence of a tightening labour market) and ANZ commodity prices, which are expected to show sustained strength (albeit no growth) in the prices of New Zealand's key exports.

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Global Watch

- Big data week for US, including payrolls
- RBA, retail the focus in Australia
- BoE meets Thursday
- EU growth and inflation data due
- China's PMI expected little changed

Australia: Along with the RBA Board meeting on Tuesday and the Statement on Monetary Policy on Friday, Building Approvals, the Trade balance, and Retail Trade will provide a clearer guide to growth estimates for Q2. We look for flat Retail Trade with downside risks. There's also a suite of other releases, starting with RBA Credit, the MI CPI gauge and HIA New Home Sales on Monday, the AiG PMIs and CBA's PMIs, CoreLogic's July month Home Values report and RBA Commodity prices on Tuesday.

Chart 1: Tracking US wages growth

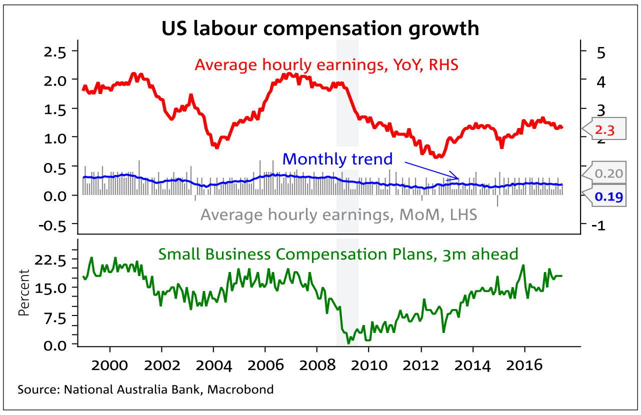
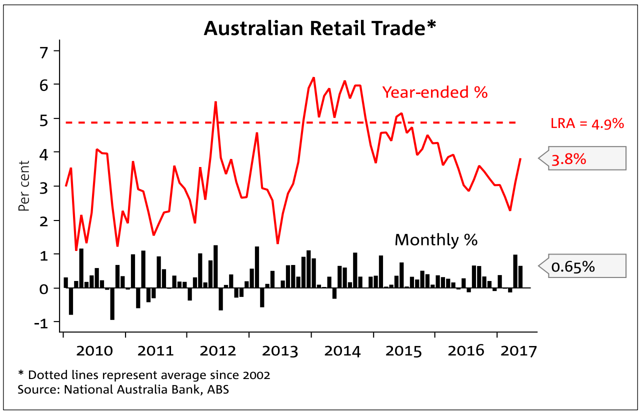


Chart 2: Has sales growth been overstated lately?



While there's been a plethora of RBA information and speeches in the past fortnight, it's the monthly Board meeting statement (again reflecting a little more optimism) on Tuesday and Friday's Statement on Monetary Policy that will be under the spotlight.

Chart 3: RBA May SoMP forecasts

Table 6.1: Output Growth and Inflation Forecasts[a]
Per cent

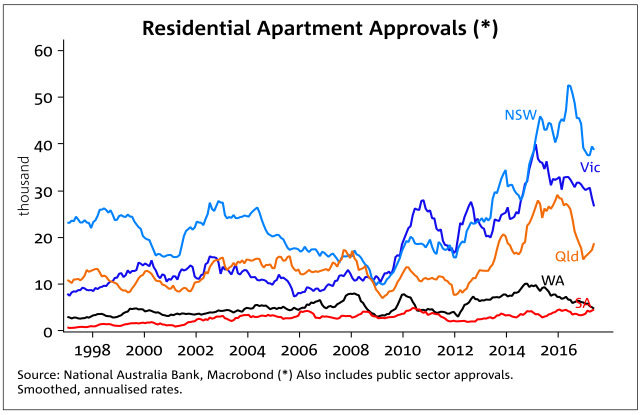
	Year-ended					
	Dec 2016	Jun 2017	Dec 2017	Jun 2018	Dec 2018	Jun 2019
GDP growth	2.4	1½–2½	2½–3½	2¾–3¾	2¾–3¾	2¾–3¾
Unemployment rate[b]	5.7	5¾	5–6	5–6	5–6	5–6
CPI inflation	1.5	2	1½–2½	1½–2½	1½–2½	2–3
Underlying inflation	1½	1¾	1½–2½	1½–2½	1½–2½	2–3
	Year-average					
	2016	2016/17	2017	2017/18	2018	2018/19
GDP growth	2.5	1½–2½	2–3	2½–3½	2¾–3¾	2¾–3¾

(a) Technical assumptions include A$ at US$0.74, TWI at 64 and Brent crude oil price at US$51 per barrel; shaded regions are historical data
(b) Rate at end of period
Sources: ABS; RBA

The SoMP, with its refreshed outlook is unlikely to reveal too much change in their formal growth and inflation forecasts. The week after, Governor Lowe testifies before the House Economics Committee and that will provide for extensive questioning on the economy, the labour market, inflation, and the higher level of the Australian dollar, areas he's been quite circumspect on recently.

Retail Sales is the most sensitive of the data prints for the week, this last month of the quarter providing nominal sales growth (or not!) for the month and sales volumes for the quarter. For the June month, NAB's forecast (partly based on NAB's new Cashless Retail Sales Index for June) is for flat sales. While there is some downside risk to this estimate – together with damped sales prospects in the near term from the already in place rises in power prices – we are also mindful the Department Store Sales dipped in May and often sees payback the next month within still difficult conditions.

Chart 4: The apartment building cycle has been turning



Building Approvals (Wednesday) are expected to be still negative in trend terms, but it's the monthly change in the seasonally adjusted series that often grabs the market's initial attention, even if it's statistical noise.

NAB looks for 2% growth payback after the 5.6% fall in May, that fall largely on account of a 12.1% drop in apartment approvals. We will be looking below the headline result for what it says about the momentum of markets in each of the states.

Thursday's International Trade in Goods and Services Trade report for June is expected to reveal a somewhat leaner surplus of $1500m, down from the $2471m surplus. A 5.2% fall in the RBA Commodity Price Index in June (an index fashioned on estimates of prices received) is likely to have weighed on export receipts, while port loadings data and industry reports point to a crimping of iron ore volumes.

There is however a wild card to consider as far as recorded imports is concerned. We wrote a month ago of the import of the Ichthys LNG project $2.7bn Central Processing Facility that could have shown up in May imports (or possibly June). Moreover, the massive Prelude floating LNG platform left Korea in late June, since arriving offshore to the north east of Broome, and is of much value. Any "sticker shock" from a surprise large deficit, might see some initial market reaction, only to be reversed on closer inspection. Such imports would also bolster measured business investment for the June quarter with no impact on GDP until production and export of LNG commences.

China: The PMIs are the focus this week, the Manufacturing ISMs (the official indexes on Monday and Caixin measures on Tuesday) are expected to be little changed.

US: After Personal Income, Spending and PCE deflators report Monday, the ISMs (Manufacturing Monday and Non-manufacturing Thursday), then it is all eyes on Friday's Payrolls, especially average earnings growth that's expected to be little changed.

Japan: The main market interest is likely to be Monday's Industrial Production report for June, the market looking for 1.5% growth partial payback after the 3.6% May decline.

Eurozone: Monday's Preliminary July CPI, Tuesday's first cut of GDP growth for Q2, and Thursday's Retail Sales to a lesser extent will be under focus. Final July PMIs are also due, but rarely revised much. Can growth surprise? The market expects unchanged 0.6% q/q growth.

UK: The BoE is expected to leave rates on hold (but again a close vote?) while the quarterly inflation report is always closely followed. It's a quieter week for the UK data calendar, the Markit PMIs the main focus, with the Manufacturing PMI (Tuesday) and Services (Thursday) expected to be solid.

Canada: Friday's labour market report for July will be closely followed, a further relatively solid 19K employment gain in prospect.

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Fixed Interest Market

Reuters: BNZL, BNZM Bloomberg:BNZ

Global long end yields last week recouped some of the previous week's sharp move lower. US 10 year Treasury yields closed the week around 2.29%, up around 5bps on the week, retracing about half of the prior week's decline. Higher oil prices are having an upward influence on yields while real yields have been easing over recent weeks.

Brent crude lifted well above $US52/bbl on Friday punching through its 200dma and is now almost 10% up for the month. But US 10-year Treasury yields sank following the disappointing US GDP data late last week, more than offsetting the upward pull from oil prices. After poking up above 2.33% ahead of the GDP data, which showed Q2 growth annualised at 2.6% compared to expectations of 2.7%, 10-year yields reversed course closing near session lows.

Gains in US yields were also held back by a mild downgrade to Fed language describing inflation and greater perceived flexibility around the balance sheet being taken as mildly dovish by the market. That's in the context of prevailing market pricing and sentiment, which is already highly sceptical of the Fed needing to tighten much further in the face of low inflation and a broader data pulse that has recently underwhelmed. Ahead of this week's PCE deflator, ISM indicators and Friday's payrolls, the market prices less than a 50/50 chance of another hike by the end of the year.

On the balance sheet, the Fed said it expects to begin its normalisation program "relatively soon", which is changed from "this year" (although the new phrase had already been mentioned by Chair Yellen). The ultimate impact of balance sheet run off on bonds is highly uncertain. It ought to be a bearish force for bonds, but perhaps not significantly until the run-off picks up pace, which is likely more a story for next year.

Local yields have been range bound, ahead of this week's Q2 labour market data and next week's RBNZ Monetary Policy Statement. NZ 2-year swap yields have traded in a tight (circa 5bp) range over the past two weeks as the short end is anchored by expectations of an on hold RBNZ. Over this period, NZ 2-year swap has been no higher than it was just prior to the soft Q2 CPI inflation data nearly two weeks ago (around 2.25%) and no lower than it was shortly after that release (just above 2.20%).

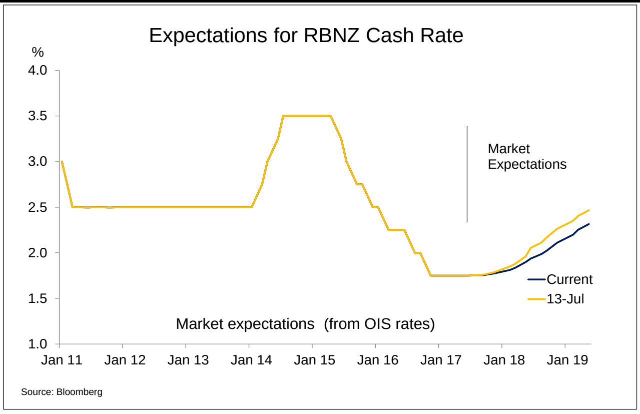
Wednesday's labour market release is the key local event this week. We expect it to show a still-strong and still-tightening market (unemployment rate expected to tick down to 4.8% from 4.9%), but with wage inflation staying moderate for the meantime. A result near our view is unlikely to cause material market movement, given it is close to market expectations. Importantly, on our forecasts, annual LCI private sector wage inflation for Q2 looks unlikely to surpass the RBNZ's May MPS 1.7% forecast.

The RBNZ does not look about to follow some other central banks into becoming more hawkish. Indeed, recent information is suggesting the opposite. Inflation has undershot RBNZ expectations and the NZ TWI is running circa 4.5% ahead of the Bank's latest forecasts. This is diminishing the likelihood of a mid-2018 tightening. The market currently prices a full 25 bp hike by August 2018. This was priced for May/June 2018 two weeks ago.

In a similar fashion, the RBA is widely expected to keep its policy rate unchanged at 1.50% tomorrow and remain neutral on guidance. Friday's quarterly statement will provide more detail on key forecasts but shouldn't look dramatically different. For Friday's AU retail sales data our NAB colleagues anticipate a, below market, flat result.

In addition to the above, other events to watch offshore this week include the BoE rate decision on Thursday (no change is expected but it was a close call last time), Chinese PMI data, and EU CPI and GDP data.

Rate Hike Chances Slipping



Current Rates/Spreads and Recent Ranges

	Current	Last 3-weeks range*
NZ 90d bank bills (%)	1.95	1.92 - 1.97
NZ 2yr swap (%)	2.22	2.20 - 2.33
NZ 5yr swap (%)	2.77	2.75 - 2.91
NZ 10yr swap (%)	3.29	3.26 - 3.42
2s10s swap curve (bps)	107	105 - 111
NZ 10yr swap-govt (bps)	30	30 - 40
NZ 10yr govt (%)	2.99	2.90 - 3.03
US 10yr govt (%)	2.29	2.22 - 2.39
NZ-US 10yr (bps)	70	62 - 70
NZ-AU 2yr swap (bps)	31	23 - 38
NZ-AU 10yr govt (bps)	30	21 - 30

*Indicative range over last 3 weeks

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Foreign Exchange Markets

Reuters pg BNZWFWDS Bloomberg pg BNZ9

After a period through late June and early July, during which the 0.7350 area had proved tough to crack on the upside, NZD/USD finally broke up through it late in the week, opening the door to further gains. pushing on, first through 0.7450 then punching above 0.7550 before meeting resistance.

Positive risk sentiment, higher commodity prices, and a lack of jawboning from the RBNZ in last week's speech from Assistant Governor McDermott still has the NZD in the ascendency. Indeed, in the speech there was an implication that the NZD is not overvalued given the likes of a positive outlook for the terms of trade. We agree. A positive GDT auction result this week, as the indicators suggest, would add support to the notion. Higher oil prices, however, are pushing a bit the other way.

The lack of overt RBNZ concern at the NZD's recent strength cleared a possible hurdle for a move higher. But it was the post-Fed lunge lower in the USD that saw NZD/USD pop to its highest level since May 2015. The USD tried to fight back as the (relatively little changed) Fed decision was digested. But Friday's US Q2 GDP data, while solid with annualised growth at 2.6%, disappointed expectations and the USD closed the week not much above its post-Fed lows.

The VIX 'fear index' saw some signs of a pulse for the first time in a few weeks. Volatility has edged up off its post-1993 lows last week. But risk appetite remains buoyant and along with rising commodity prices has pushed our NZD/USD short term fair value estimate over 0.7600.

Wednesday's Q2 labour market release is the key local event this week. We expect it to show a still-strong and still-tightening market (unemployment rate expected to tick down to 4.8% from 4.9%), but with wage inflation staying moderate for the meantime. A result near our view is unlikely to cause material market movement, given it is close to market expectations. On our forecasts, annual LCI private sector wage inflation for Q2 looks unlikely to surpass the RBNZ's May MPS 1.7% forecast.

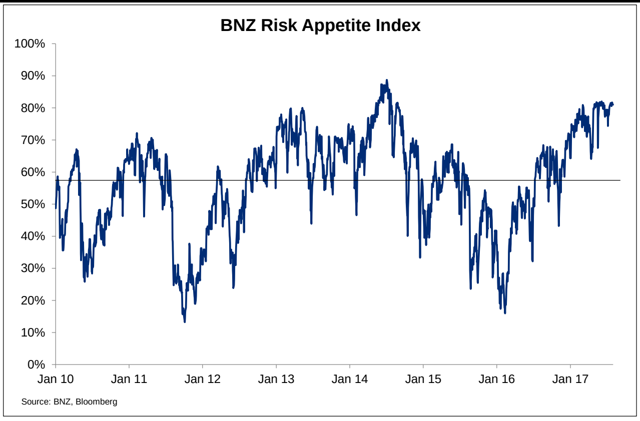
The RBNZ does not look about to follow some other central banks into becoming more hawkish. Inflation has undershot RBNZ expectations and the NZ TWI is running circa 4.5% ahead of the Bank's latest assumptions. This is diminishing the likelihood of a mid-2018 tightening. From a relative monetary policy perspective, we do not see the RBNZ's stance lending NZD support over coming months.

USD indices are approaching critical levels. There is plenty on the calendar this week to navigate including tonight's PCE deflator and ISM manufacturing survey ahead of Friday's payrolls and average earnings. A break lower would call into question the degree of decline we see for the NZD/USD into year end. For now we stick with the idea that narrower NZ-US rate spreads ahead and some weakening in risk appetite will see a shift downward over time. However, in the near term, with strong positive momentum, we wouldn't be surprised to see NZD/USD push up closer to our short term fair value estimate, especially if the USD continues to weaken. Last week's high just under 0.7560 is an area of interest topside, while we see 0.7460 as an area of near term support.

One hurdle to further NZD/USD near term gains is that speculative longs remain close to record levels implying some downside vulnerability if the data disappoint.

No change is widely expected from the RBA tomorrow, either in policy rate or bias.Friday's quarterly statement will provide more detail on key forecasts. AUD (and NZD) will be sensitive to China's PMI data through the week and Friday's AU retail sales data, where our NAB colleagues anticipate a below market flat result.

Risk Appetite Currently Very Supportive



Cross Rates and Model Estimates

	Current	Last 3-weeks range*
NZD/USD	0.7504	0.7200 - 0.7560
NZD/AUD	0.9399	0.9220 - 0.9570
NZD/GBP	0.5714	0.5560 - 0.5750
NZD/EUR	0.6384	0.6290 - 0.6470
NZD/JPY	83.05	81.70 - 83.90

*Indicative range over last 3 weeks, rounded figures

BNZ Short-term Fair Value Models

	Model Est.	Actual/FV
NZD/USD	0.7620	-2%
NZD/AUD	0.9280	1%

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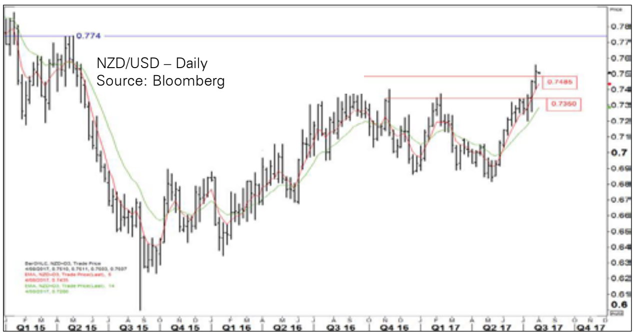
Technicals

NZD/USD

Outlook: Strong Upward Trend
ST Resistance: 0.7740
ST Support: 0.7350-0.7400

The NZDUSD uptrend has carried us up through 2 year highs at 0.7485, which was previously providing strong resistance to the rally. This break, combined with the strong upward momentum, and neutral overbought/sold indicators mean NZDUSD has likely entered a higher 0.7300-0.7700 trading range



NZD/AUD

Outlook: Near upper end of trading range
ST Resistance: 0.9450 then 0.9480
ST Support: 0.9250

NZDAUD is range trading in a trendless manner. There is now overhead resistance from recent highs at 0.9450, and further resistance at 0.9500, so current levels near 0.9400 look to be at top end of trading range. On the downside, first support level is at 0.9250 and below that 0.9080.

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NZ 5-year Swap Rate

Outlook: Neutral
ST Resistance: 2.91
ST Support: 2.71

Still no clear trend. Support and resistance are narrowing. I would respect them a tight stop

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

Outlook: Steeper
ST Resistance: +72
ST Support: +45

Break of trendline signals move higher/steeper. Target +72 any pullback should be limited to +48

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Key Upcoming Events

	Forecast	Median	Last
Monday 31 July			
NZ, Credit Aggregates, June			
NZ, Building Consents, June (res, #)			+7.0%
NZ, ANZ Business Survey, July			+24.8
Aus, Private Sector Credit, June		+0.4%	+0.4%
China, PMI (NBS), July		51.5	51.7
China, Non-manufacturing PMI, July			54.9
Jpn, Industrial Production, June 1st est		+1.5%	-3.6%
Euro, CPI, July y/y 1st est		+1.2%	+1.3%
US, Chicago PMI, July		59.0	65.7
Tuesday 1 August			
Aus, RBA Policy Announcement	1.50%	1.50%	1.50%
China, PMI (Caixin), July		50.4	50.4
Euro, GDP, Q2 1st estimate		+0.6%	+0.6%
UK, Markit/CIPS Manuf Survey, July		54.7	54.3
US, ISM Manufacturing, July		56.2	57.8
US, Personal Spending, June		+0.1%	+0.1%
Wednesday 2 August			
NZ, HLFS Unemployment Rate, Q2	4.8%	4.8%	4.9%
NZ, Dairy Auction, GDT Price Index			+0.2%
NZ, HLFS Employment, Q2	+0.7%	+0.8%	+1.2%

	Forecast	Median	Last
Wednesday 2 August cont'd…			
NZ, LCI Priv Ord Wages, Q2 y/y	+1.6%		+1.5%
NZ, QVNZ House Prices, July			+8.1%
Aus, Building Approvals, June		+0.5%	-5.6%
US, ADP Employment, July		+195k	+158k
US, Fed's Williams Speaks, Monetary Policy			
Thursday 3 August			
NZ, ANZ Comdty Prices (world), July			+2.1%
Aus, International Trade, June		+$1.80b	+$2.47b
China, Services PMI (Caixin), July			51.6
Euro, ECB Economic Bulletin			
Euro, Retail Sales, June		+0.1%	+0.4%
UK, Markit/CIPS Services, July		53.7	53.4
UK, BOE Policy Announcement & IR	0.25%	0.25%	0.25%
US, Factory Orders, June		+1.9%	-0.8%
US, ISM Non-Manuf, July		56.8	57.4
Friday 4 August			
Aus, Qtly Monetary Statement			
Aus, Retail Trade, June		+0.1%	+0.6%
Germ, Factory Orders, June		+0.6%	+1.0%
US, International Trade, June		-$45.5b	-$46.5b
US, Non-Farm Payrolls, July		+183k	+222k

Historical Data

	Today	Week Ago	Month Ago	Year Ago
CASH & BANK BILLS				
Call	1.75	1.75	1.75	2.25
1mth	1.83	1.81	1.84	2.28
2mth	1.89	1.87	1.90	2.29
3mth	1.95	1.93	1.96	2.30
6mth	2.00	1.98	1.99	2.27
GOVERNMENT STOCK				
12/17	1.77	1.79	1.80	1.85
03/19	1.93	1.92	1.94	1.86
04/20	2.11	2.11	2.10	1.89
05/21	2.26	2.26	2.19	1.92
04/23	2.58	2.56	2.45	1.97
04/25	2.83	2.77	2.63	2.11
04/27	2.99	2.91	2.72	2.23
04/33	3.34	3.25	3.05	2.54
GLOBAL CREDIT INDICES (ITRXX)				
AUD 5Y	77.19	78	84	110
N. AMERICA 5Y	57.62	57	60	71
EUROPE 5Y	51.94	52	53	68

	Today	Week Ago	Month Ago	Year Ago
SWAP RATES				
2 years	2.22	2.22	2.21	2.05
3 years	2.42	2.42	2.39	2.07
5 years	2.77	2.76	2.68	2.15
10 years	3.29	3.26	3.14	2.46
FOREIGN EXCHANGE				
NZD/USD	0.7516	0.7441	0.7284	0.6999
NZD/AUD	0.9413	0.9407	0.9625	0.9374
NZD/JPY	83.09	82.52	81.02	74.41
NZD/EUR	0.6396	0.6376	0.6505	0.6381
NZD/GBP	0.5719	0.5720	0.5716	0.5326
NZD/CAD	0.936	0.9335	0.9662	0.9191
TWI	79.31	78.87	78.72	75.37

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