

# Economic Weekly

02 July 2018

## RBNZ on hold for longer, again

**Business confidence is quickly becoming a key domestic risk to NZ's growth outlook.** Last week's ANZ business confidence survey saw confidence fall for the 4th consecutive reading in June. This week, we will be watching to see whether NZIER's Quarterly Survey of Business Opinion (QSBO) shadows these moves. This week's read is especially important as QSBO tends to be the stronger predictor of GDP growth of the two surveys. **Ongoing trade tensions will also remain front of mind as the US and China ready to impose tariffs later this week.** Last week's slightly more dovish than expected RBNZ Official Cash Rate review sparked us to delay our rate hike expectations until November 2019. We discuss this change in more detail on Page 2.

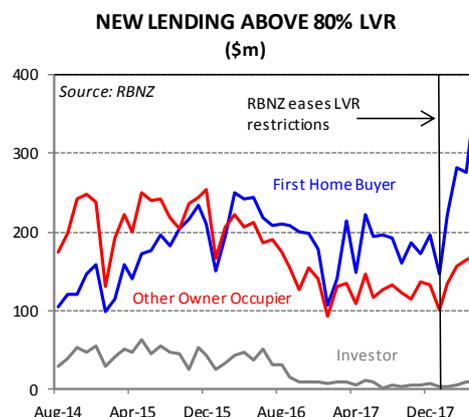
### Key events and views

<a href="#">Key Insights</a>	We have shifted our OCR call.
<a href="#">Foreign exchange</a>	The NZD fell against all the major crosses over the past week.
<a href="#">Interest rates</a>	NZD interest rates were lower across the curve last week.
<a href="#">Domestic events</a>	The NZIER's QSBO and GlobalDairyTrade auction are key this week.
<a href="#">International events</a>	RBA interest rate announcement and US Non-farm payrolls are the major events.
<a href="#">Calendars</a>	NZ and International calendar of upcoming economic events.

### Chart of the Week: Increasing first-home buyer activity

**New lending figures published by the RBNZ show first-home buyers are staging a comeback in the housing market.** Both as a share of the value of new lending, and the number of new mortgages, first-home buyers have been steadily gaining ground in the past few months. In May, first-home buyers accounted for 17% of the value of all new lending, the highest share on record (dating back to August 2014 when the series began).

Lending to first home buyers has been increasing at levels both above and below an 80% loan to value ratio (LVR), but **the increase in +80% LVR lending is particularly noticeable.** In May, 34% of all new lending to first home buyers was to those with a sub-20% deposit (the highest on record since the series began). **Further, the share has been rising month-on-month since January 2018 which is when the RBNZ eased the number of low LVR loans banks can lend to owner occupiers.** This first home buyer response to the easing in restrictions reinforces that the RBNZ is likely to tread carefully when it comes to further easing of the LVRs.



## Key Insights this week: Shifting our OCR call

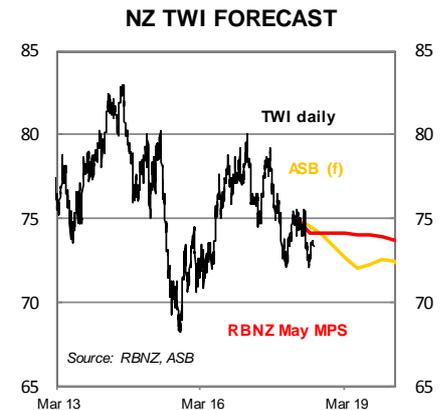
### Key themes:

- The RBNZ kept the OCR on hold at 1.75% with a neutral bias.
- However, the RBNZ gave itself more wriggle room around how long the OCR would remain at 1.75%.
- We now expect the first OCR increase in November 2019, and the risk of a cut has grown recently.

### Global story less upbeat

The RBNZ has acknowledged that the global outlook was not as upbeat as appeared the case even a few months ago. The global outlook is still “expected to support demand for our products and services”. However, the RBNZ explicitly noted that the global outlook had been tempered “slightly” by trade tensions and that volatility in some emerging market economies continues. We remain constructive on the global outlook but are concerned that trade tensions may escalate further, which would significantly dampen global economic activity.

As was the case for the previous policy assessment the RBNZ did not explicitly mention the NZD, which is now roughly back to where it was at the time of the May MPS on a TWI basis, but is more than 2% lower against the USD. Despite having near-record NZ Terms of Trade, recent NZD weakness appears to be attributable the weaker domestic and global outlook. We note, however, that recent falls in the NZD may lessen any adjustment that domestic interest rates have to do to support the New Zealand economy.

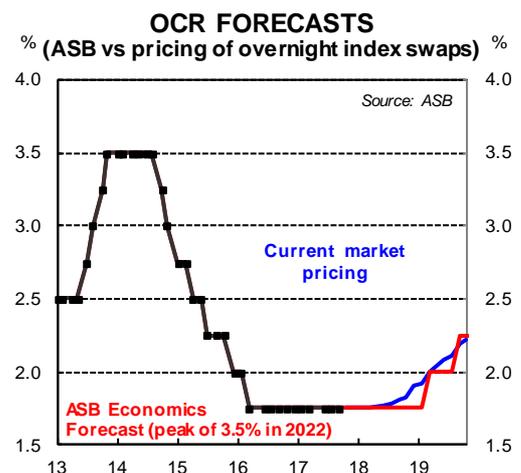


There was little labour market commentary in the policy assessment, with the comment “employment is around its sustainable level” suggesting that current OCR settings are consistent with the Policy-Targets Agreement requirements to contribute to “supporting maximum sustainable employment within the economy”. The weakening in surveyed employment intentions – if reflected in actual labour market outcomes – may come to question that view.

### Softer tinge to NZ growth and inflation outlook

The RBNZ continues to emphasise that the outlook for growth is still positive, reiterating its expectation that growth will be supported by spending and investment from both households and government. Likewise, we continue to point to strong fundamentals, such as record high Terms of Trade, population growth and low interest rates. But we see growing risk that business confidence may become a drag on an otherwise robust growth outlook.

The RBNZ’s growth assessment appears to have been revised down slightly, reflecting the weaker Q1 GDP outturn (0.5% qoq vs RBNZ expectation of 0.7% qoq) and a less stimulatory Budget than anticipated. The RBNZ noted that the Government spending impulse is projected to be slightly lower and later than it had anticipated.



The RBNZ now sees a greater degree of spare capacity than in May. This likely means that domestic inflation pressures (i.e. non-tradable inflation) will be more gradual to lift. On the inflation outlook, the RBNZ notes that higher fuel prices will boost CPI in the near term, but inflation pressures remain subdued elsewhere (in line with our own view). On balance, the RBNZ’s reference to greater spare capacity and subdued inflation pressures (outside of fuel-related volatility) implies that the RBNZ’s own forecasts imply a later timing of the first rate hike.

## The elephant (and cattle) in the room

**Weak business confidence** did not get a mention in the RBNZ's statement. However, it is **an economic risk that has been increasingly preying on our minds to a greater extent** than the global tensions. The June ANZ confidence survey showed further deterioration in sentiment to a level that is weak – even after allowing for the fact that business sentiment is usually lower under Labour-led governments.

**Eight months of weak business confidence flags a growing risk that economic growth, employment growth and inflation pressures will not be as robust as assumed.** The economy has healthy underpinnings, but investment and employment decisions are at risk of being deferred.

**Another smaller domestic risk is the uncertainty generated by the Government's very laudable decision to step up efforts to eradicate Mycoplasma Bovis.** The efforts do mean, for several months at least, dairy and beef farmers are faced with uncertainty over whether their future will be free of this disease or whether they need to change farming practices and face productivity losses as they shift to managing the disease. That environment understandably makes long-term decision-making more challenging.

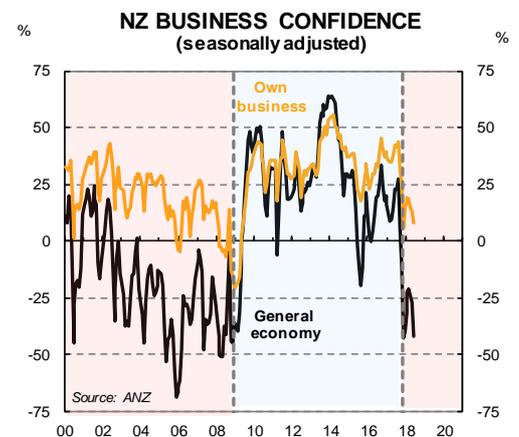
## We have shifted our OCR call

It remains the case that there is no urgency for the Official Cash Rate to be shifted. But the risk bias to our OCR view has been shifting a little, and **we now expect the tightening cycle to start a little later, in November 2019 (previously August).** We also see growing risk that the next move may be a cut, rather than a hike. We emphasise this risk is still small, but it has got bigger over recent weeks and shouldn't be dismissed out of hand. **NZ does have some good economic supports, but rapidly escalating trade tensions and weak business confidence could conceivably create an environment in which the RBNZ cuts the OCR.**

We judge that the RBNZ's view on medium-term inflation pressures is of a slightly later pick-up than it assumed back in May. That argues for waiting slightly longer to increase the OCR. But **we also see significance in the wording change the RBNZ made to its interest rate outlook, in stating the OCR will remain at 1.75% "for now" instead of "for some time to come"**. That wording shift gives the RBNZ flexibility to react if the recent threats to good economic and employment growth prospects and to rising inflation pressures start to impact.

## Shift in timing of OCR releases a pragmatic move

Last week the RBNZ [announced](#) the 2019-2020 dates for releases of its quarterly *Monetary Policy Statements* (MPS), *Official Cash Rate* (OCR) decisions, and the six-monthly *Financial Stability Reports* (FSR). Also flagged was a change in the release times for monetary policy decisions. Instead of a 9am release, from 2019 OCR and MPS announcements will now be made at 2:00pm for OCR decisions, with media conferences for the quarterly monetary policy statements now scheduled at 3pm. The 9am release time for Financial Stability Reports will not change. **In light of the pending shift to a monetary policy committee structure, this is a pragmatic move that will likely narrow the timing between the policy decision and subsequent announcement and will make for a more robust and credible policy process.**



## Foreign Exchange Market

FX Rates	Current*	Week ago	Month ago	Year ago	ST Bias	Support^	Resistance^	MT Bias
NZD/USD	0.6784	0.6899	0.6993	0.7327	FLAT	0.6680	0.6880	UP
NZD/AUD	0.9165	0.9292	0.9262	0.9517	FLAT	0.9050	0.9280	FLAT
NZD/JPY	75.12	75.53	76.29	81.98	FLAT	73.80	76.10	FLAT
NZD/EUR	0.5815	0.5920	0.5987	0.6404	FLAT	0.5710	0.5880	FLAT
NZD/GBP	0.5142	0.5202	0.5271	0.5625	FLAT	0.5050	0.5210	DOWN
TWI	72.7	73.3	73.5	78.29	FLAT	72.00	74.00	FLAT

^ Weekly support and resistance levels \* Current as at 9.30am Monday; week ago as at Monday 5pm

### NZD Recap

**The NZD fell against all the major crosses over the past week.** Over the first half of the week, global investor caution drove the weaker NZD – also weighing on other trade-sensitive currencies such as the AUD and CAD. In particular, the **market was fearful of the impact from the US imposing foreign investment restrictions.** However, by the end of the week, it was revealed that the US would be adopting a less confrontational approach to foreign trade issues by greater use of the Committee on Foreign Investment in the U.S. (known as CFIUS). Investors appeared to be relieved by this announcement.

However, as market sentiment improved toward the end of the week, the **NZD remained weighed down by weak NZ business confidence and a slight dovish tweak to the Reserve Bank of New Zealand’s (RBNZ) assessment of the economic outlook.** The June ANZ Business Outlook Survey revealed a further decline in business confidence, with the deterioration in services-sector confidence of particular concern. On Thursday morning, the RBNZ’s OCR statement appeared to suggest a slightly weaker growth outlook, noting the weaker than expected Q1 outturn and less stimulus from Government spending than previously allowed. **We now expect the RBNZ will wait until November 2019 before lifting the OCR (previously August 2019), but also see a growing risk that the next move could be an OCR cut instead.**

### Near-term outlook

Looking ahead, we expect the NZD to stabilise after last week’s decline, with the global market focus shifting to US employment data released at the end of the week. **We see risk of slower-than-expected US wage growth,** which could **curtail USD upside later this week.** In the meantime, the Reserve Bank of Australia (RBA) is widely expected to keep the cash rate at 1.50% on Tuesday. But it will be interesting to see if the RBA adopts a more cautious tone with respect to the global growth outlook because of the recent increase in trade tensions.

### Medium-term outlook

We believe the recent bout of USD weakness has ended and we have now further increased our near-term USD forecasts. **We expect the USD to remain supported due to the increasing divergence between the US economy (and resultant pace of Fed rate hikes) and the rest of the global economy.** Elsewhere, low inflation and wages as well as political developments have seen many central banks holding on to accommodative monetary policy stances or stalling tightening cycles. **The NZD TWI is expected to remain broadly supported** by NZ’s solid economic outlook, strong NZ commodity export prices, historically-high Terms of Trade and strong demand as global central banks/other real money managers continue to increase NZD exposures.

ASB foreign exchange forecasts (end of quarter)	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Mar-20	Mar-21
			<< actual	forecast >>				
NZD/USD	0.71	0.72	0.68	0.67	0.68	0.69	0.71	0.74
NZD/AUD	0.91	0.94	0.93	0.93	0.91	0.91	0.92	0.90
NZD/JPY	80	77	75	74	73	74	75	75
NZD/EUR	0.59	0.59	0.59	0.59	0.58	0.58	0.57	0.58
NZD/GBP	0.53	0.51	0.52	0.52	0.50	0.50	0.50	0.50
NZD TWI	74.3	74.3	72.8	72.3	72.3	72.4	71.9	73.1

## Interest Rate Market

<u>Wholesale interest rates</u>	Current	Week ago	Month ago	Year ago	ST Bias	MT Bias
Cash rate	1.75	1.75	1.75	1.75	FLAT	UP
90-day bank bill	2.00	1.97	1.95	1.98	FLAT	UP
2-year swap	2.15	2.25	2.22	2.33	FLAT	UP
5-year swap	2.53	2.65	2.65	2.87	FLAT	UP
10-year swap	3.03	3.11	3.12	3.35	FLAT	UP
10-year govt bond yield	2.85	2.93	2.75	2.97	FLAT	UP
Curve Slope (2s10s swaps)	0.88	0.86	0.90	1.02	FLAT	DOWN

\* Current as at 9.30am today; week ago as at Monday 5pm

### Market Recap

Local wholesale interest rates are roughly 10bps lower relative to this time last week for the 2-10 year part of the curve, with local yields at the bottom (or below) recent ranges. The rally in NZD rates considerably outstripped the modest global rally. Weak business sentiment from the June ANZ Business Outlook and the dovish RBNZ policy assessment were the major contributors to the larger moves in NZD rates. Over recent months, the bias for market pricing by the end of the year has shifted from OCR hikes to cuts, with the first full RBNZ hike not fully priced in until early 2020 (see our RBNZ review [here](#)). This has come at a time when oil prices (West Texas Grade) touched a four-year high despite the Saudi pledge to increase production. Financial markets also continued to digest the potential for more rate hikes by the US Federal Reserve, with annual core PCE inflation hitting 2%, a 6-year high. Fed policymakers Bullard and Bostic warned that escalating trade tensions were increasingly weighing on businesses and adding risks to the US outlook. Elevated US-China trade frictions, still-tenuous situation in Emerging Markets, and political concerns in Europe stemming from migration, Brexit and Italian political appointment have helped to dampen global long-term interest rates.

### Near-term NZD interest rate outlook

Local rates should take direction from offshore events this week, where the focus should remain on geopolitics and trade, with data continuing to take a back seat. **Given the sizeable rally in NZD yields – swap rates are 10-20 basis points lower across the curve compared to three weeks ago – the hurdle for a further rally in NZD rates this week is high.** A soft read from tomorrow's Quarterly Survey of Business Opinion survey looks to be priced in. The RBA are expected to hold the cash rate at 1.5% on Tuesday, with the focus on the tone of the statement. In the UK, the next Brexit hurdle will be faced with the European Council meeting on Thursday. Friday's Fed Minutes will be helpful for ascertaining the extent to which the weakening trade environment is impacting the overall Fed view.

### Medium-term outlook

**We have delayed the timing of our next OCR hike to November 2019 (previously August 2019).** We continue to expect a modest pace of tightening, and a low OCR endpoint of around 3.5% this cycle. We have also pushed back the timing of ECB rate hikes, which are now assumed to start in September next year (previously June 2019). While we expect four further Fed hikes through till the end of 2019 (four in total over 2018, two over 2019), by the end of this year we are likely to see Fed Chair, Jerome Powell, acknowledge that the Fed funds rate is close to neutral levels, which should cap US yields. **Our expectation of a flatter NZD curve crucially depends on the assumption that local long-term yields remain reasonably well anchored to global counterparts and that the lift in global yields is modest.**

### ASB interest rate forecasts

(end of quarter)	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Mar-20	Mar-21
			<< actual	forecast >>				
NZ OCR	1.75	1.75	1.75	1.75	1.75	1.75	2.00	2.50
NZ 90-day bank bill	1.88	2.0	2.0	2.0	2.0	2.0	2.5	3.0
NZ 2-year swap rate	2.21	2.2	2.2	2.2	2.3	2.3	2.7	3.2
NZ 10-year Bond	2.75	2.7	2.9	2.9	3.0	3.0	3.2	3.5

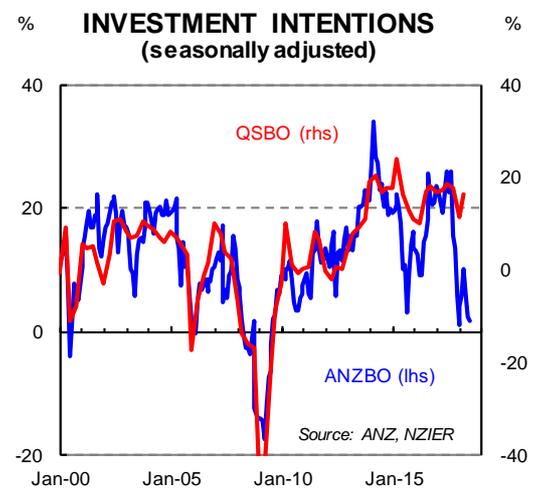
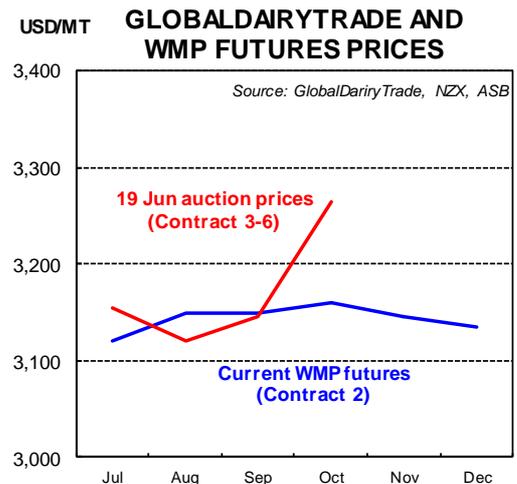
## Major Domestic Events for the week ahead

Data	Date	Time (NZT)	Previous	Market	ASB
Quarterly Survey of Business Opinion, Q2	03/07	10:00 am	-10.7	-	-
Global Dairy Trade auction, whole milk powder, % chg	03/07	overnight	-1.0	-	No change

There are two main business confidence surveys in New Zealand – the NZIER Quarterly Survey of Business Opinion (QSBO) and the ANZ monthly Business Outlook survey. Following the election and change of government, business confidence fell in NZ. However, **the NZIER QSBO survey has not fallen as sharply as the ANZ survey.** In particular, back in the March quarter survey, QSBO respondents’ plans for investment activity remained buoyant. **Over recent years, as the QSBO has remained the stronger predictor of GDP growth, we were encouraged by the less pessimistic responses in this survey.**

However, our **concern is that over the second quarter, the ANZ monthly survey has shown some signs that there has been a broadening of weak business confidence across sectors** (i.e. beyond agriculture and construction and into the services sector). If this is the case, **we may see a similar fall in QSBO investment and employment intentions, which would increase our concerns that weak business confidence will result in weaker employment and investment** than would have otherwise been the case given NZ’s relatively strong economic fundamentals.

**We expect prices to be unchanged at the GlobalDairyTrade auction overnight Tuesday.** A fortnight ago whole milk powder (WMP) prices fell 1.0%. At the current juncture, futures pricing suggests WMP prices will fall a touch (-0.5%). However, we temper this fall as recent increases in tariffs on US dairy imports may boost demand for now relatively cheap NZ dairy products.



## Major International Events for the week ahead\*

Data	Date	Time (NZT)	Market	ASB
Australia CBA Manufacturing PMI, June	02/07	11:00 am	-	-
Australia CoreLogic Dwelling Prices, June, %mom	02/07	12:00 pm	-	-0.3
Australia Building Approvals, May,%mom	03/07	1:30 pm	0.0	5.0
Reserve Bank of Australia Interest Rate Announcement, %	03/07	4:30 pm	1.5	1.5
Australia Trade Balance, May,\$bn	04/07	1:30 pm	1.2	1.3
Australia Retail Sales, May, %mom	04/07	1:30 pm	0.3	0.3
UK Composite PMI, June, Index	04/07	8:30 pm	54.5	54.5
Alexandra Heath speech at the Urban Dev Institute Australia	05/07	12:00 pm	-	-
US Non-farm Payrolls, June, 000s	07/07	12:30 am	198	195

\*Originally published by CBA Global Markets Research on Friday 29<sup>th</sup> June 2018 at 1.26pm.

**Australia's CBA Manufacturing PMI** is due out today. Last month's reading of 53.2 showed manufacturing activity was expanding.

**Australia's CoreLogic dwelling price data** could show another small monthly fall in national dwelling prices, driven by Melbourne and Sydney. The annual decline in national dwelling prices is expected to reach 5% by the year end. However, it follows a considerable run-up in prices over the preceding four years. Housing lending has been slowing under the weight of tighter debt-servicing tests and weakening investor demand.

We expect a moderate rise in **Australian building approvals**. Housing approvals for detached units are on a slight rising trend and multi-units are expected to bounce back modestly from last month's slide. Strong population growth underpins demand.

The **Reserve Bank of Australia is universally expected to keep the cash rate unchanged at 1.5%**. We expect the accompanying Statement to include fairly upbeat messages on the global and domestic economic outlook. However, soft wages growth along with soft inflationary pressures and a cooling housing market imply that the RBA is in no hurry to lift interest rates.

We expect a rebound in **Australian exports** over May after a 2.2% fall in April. A lift in commodity prices should also help boost export values while imports are expected to rise by 1.0%. These outcomes would likely see the **trade surplus** increase to \$1.3 billion.

We expect a modest rise in **Australian retail spending**. Growth in retail spending is being constrained by weak wages growth and high household debt levels. Strong competition in the retail sector is also keeping a lid on prices in the retail space.

**Alexandra Heath, Head of the RBA's Economic Analysis department**, will speak to the Urban Development Institute of Australia in Wollongong, at lunchtime on Thursday. She will focus on the economy, demographics and factors impacting housing demand.

We anticipate the **June UK composite PMI** will print at around 54.5. UK Services and Manufacturing PMIs will likely print well. But the Construction PMI could drag the overall composite print lower because of a slowdown in the construction industry.

Leading employment indicators point to decent **US Non-farm Payrolls** gains (consensus: 198k). Importantly, business and consumer surveys of future compensation suggest risks to average hourly earnings growth are skewed to the downside (consensus: 0.3% mom, 2.8% yoy).

## Global Data Calendars

### Calendar - Australasia, Japan and China

Date	Time (NZT)	Eco	Event	Period	Unit	Previous	Forecast	
							Mkt	ASB
Mon 2 Jul	11:00	AU	CBA Australia PMI Manuf	Jun	Index	53.2	~	~
	11:50	JN	Tankan large Manuf index	Q2	Index	24.0	22.0	~
	12:00	AU	CoreLogic house px	Jun	m%ch	-0.2	~	-0.3
	13:00	AU	Melbourne Institute inflation	Jun	m%ch	0.0	~	~
	13:45	CH	Caixin China PMI	Jun	Index	51.1	51.1	~
Tue 3 Jul	10:00	NZ	QSBO	Q2		-10.7	~	~
	13:30	AU	Building approvals	May	m%ch	-5.0	~	5.0
	16:30	AU	RBA cash rate target	Jul	%	1.50	1.50	1.5
		NZ	GlobalDairyTrade auction			-1.0	~	0
Wed 4 Jul	05:00	NZ	QV house prices	Jun	y%ch	6.9	~	~
	11:00	AU	CBA Australia PMI composite	Jun	Index	55.6	~	~
	12:30	JN	Nikkei Japan PMI composite	Jun	Index	51.7	~	~
	13:30	AU	Trade balance	May	\$mn	977.0	~	1,300
	13:30	AU	Retail sales	May	m%ch	0.4	~	0.3
	13:45	CH	Caixin China PMI composite	Jun	Index	52.3	~	~
Fri 6 Jul	17:00	JN	Leading index CI	May P	Index	106.2	~	~

\*P = Preliminary

### Calendar - North America & Europe

Date	Time (UKT)	Eco	Event	Period	Unit	Previous	Forecast	
							Mkt	ASB
Mon 2 Jul	09:00	EC	Markit Eurozone	Jun F	Index	55.0	55.0	~
	09:30	UK	Markit UK PMI manufacturing	Jun	Index	54.4	~	~
	10:00	EC	PPI	May	m%ch	0.0	~	~
	10:00	EC	Unemployment rate	May	%	8.5	~	~
	14:45	US	Markit US manufacturing PMI	Jun F	Index	54.6	~	~
	15:00	US	ISM manufacturing	Jun	Index	58.7	58.0	~
Tue 3 Jul	09:30	UK	Markit/CIPS UK construction	Jun	Index	52.5	~	~
	10:00	EC	Retail sales	May	m%ch	0.1	~	~
	15:00	US	Durable goods orders	May F	%	-0.6	~	~
Wed 4 Jul	09:00	EC	Markit Eurozone services PMI	Jun F	Index	55.0	~	~
	09:30	UK	Markit/CIPS UK services PMI	Jun	Index	54.0	~	~
Thu 5 Jul	09:10	EC	Markit Eurozone retail PMI	Jun	Index	51.7	~	~
	11:00	UK	BOE Governor Carney speaks in Newcastle					
	13:15	US	ADP employment change	Jun	000	178.0	185.0	~
	13:30	US	Initial jobless and continuing	Jun	~	~	~	~
	19:00	US	FOMC Meeting Minutes	Jun	~	~	~	~
Fri 6 Jul	08:00	EC	ECB's Nouy, EU's Dombrovskis at Austrian Central Bank Conference					
	13:30	US	Change in nonfarm payrolls	Jun	000	223.0	198.0	200
	13:30	US	Unemployment rate	Jun	%	3.8	3.8	~
	13:30	US	Trade balance	May	\$bn	-46.2	-46.7	~

## Key Forecasts

### ASB NZ economic forecasts

	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Mar-20	Mar-21
	<< actual		forecast >>					
GDP real - Q%	0.6	0.5	0.9	0.9	0.9			
GDP real - A%	2.9	2.7	2.7	3.0	3.3	3.6	3.5	3.2
GDP real - AA%	2.8	2.7	2.7	2.8	2.9	3.2	3.5	3.3
CPI - Q%	0.1	0.5	0.4	0.5	0.2			
CPI - A%	1.6	1.1	1.5	1.5	1.6	1.4	1.6	1.8
HLFS employment growth - Q%	0.4	0.6	0.5	0.5	0.5			
HLFS employment growth - A%	3.7	3.1	3.7	2.0	2.1	2.0	1.8	1.7
Unemployment rate - %sa	4.5	4.4	4.4	4.3	4.2	4.2	4.1	3.9
Annual current account balance as % of GDP	-2.7	-2.8	-2.8	-2.7	-2.8	-2.3	-2.6	-2.6

Q% = percentage change on previous quarter

A% = percentage change since same quarter the previous year

AA% = percentage change for year ending quarter since the previous year

### ASB interest rate forecasts

	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Mar-20	Mar-21
	<< actual			forecast >>				
(end of quarter)								
NZ OCR	1.75	1.75	1.75	1.75	1.75	1.75	2.00	2.50
NZ 90-day bank bill	1.88	2.0	2.0	2.0	2.0	2.0	2.5	3.0
NZ 2-year swap rate	2.21	2.2	2.2	2.2	2.3	2.3	2.7	3.2
NZ 10-year Bond	2.75	2.7	2.9	2.9	3.0	3.0	3.2	3.5

### ASB foreign exchange forecasts

	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Mar-20	Mar-21
	<< actual			forecast >>				
(end of quarter)								
NZD/USD	0.71	0.72	0.68	0.67	0.68	0.69	0.71	0.74
NZD/AUD	0.91	0.94	0.93	0.93	0.91	0.91	0.92	0.90
NZD/JPY	80	77	75	74	73	74	75	75
NZD/EUR	0.59	0.59	0.59	0.59	0.58	0.58	0.57	0.58
NZD/GBP	0.53	0.51	0.52	0.52	0.50	0.50	0.50	0.50
NZD TWI	74.3	74.3	72.8	72.3	72.3	72.4	71.9	73.1

#### ASB Economics & Research

Chief Economist  
Senior Economist  
Senior Economist  
Senior Rural Economist  
Senior Economist, Wealth  
Economist  
Publication & Data Manager

Nick Tuffley  
Mark Smith  
Jane Turner  
Nathan Penny  
Chris Tennent-Brown  
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