Economic Weekly

05 June 2018

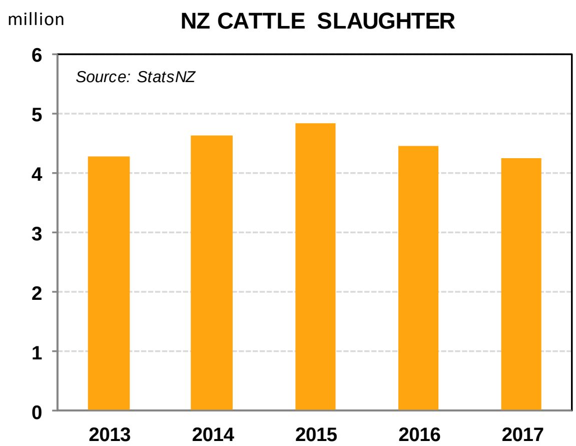
European politics: one up, one down

Australian data kick off the short week with Q1 Balance of Payments due early this afternoon and then the RBA makes its policy decision later in the day. We expect no change from the RBA and a neutral policy message. Overnight, we expect a modest price increase at the GlobalDairyTrade auction. Q1 Australian GDP then highlights Wednesday. However, **financial markets are likely to remain focused on European political developments** following the last-minute deal to form an Italian government and the ousting of Spanish Prime Minister Mariano Rajoy.

Key events and views

Key Insights	May 2018 Financial Stability Report recap: LVR restrictions to remain
Foreign exchange	Improved global sentiment supports NZD after an Italian Government is finally formed.
Interest rates	Easing political risks and a strong US labour market supported yields.
Domestic events	GlobalDairyTrade auction, Q1 Building Work Put in Place and QV house prices.
International events	RBA Interest Rate Announcement and Q1 Australian GDP.
Calendars	NZ and International calendar of upcoming economic events.

Chart of the Week: Annual NZ cattle slaughter



Last week, **the NZ Government announced that it will continue with plans to eradicate Mycoplasma Bovis.** The plan involves culling a further 126,000 cattle over a 1-2 year period. The estimated costs of attempting eradication are around $900 million over 10 years, against an estimated $1.2 billion cost for managing the disease.

For economic activity, **the decision is likely to help gradually bring back confidence (and then activity) to the agricultural sector**, after a prolonged period of uncertainty. Indeed, it has been 10 months since the disease was first identified, and over that time sector confidence has been very low. Bad weather and the change of government have also contributed to the low confidence.

Turning to the impact on markets, **we expect beef prices to be largely unaffected.** 126,000 cattle represents less than 3% of NZ's annual slaughter. Also NZ is a relatively small beef exporter so swings in beef production overseas have the dominant impact on beef prices. Meanwhile, **the slaughter of dairy cows is likely to add to upward pressure on dairy prices**. NZ is the world's largest exporter of whole milk powder and butter. With the cull dampening NZ production, global dairy prices are likely to be higher than would have otherwise been the case.

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Key Insights this week: Final Stability Report Recap: Ongoing vigilance

Key points:

- Financial system sound, with financial system vulnerabilities much the same as discussed previously.
- No changes signalled for loan-to-value restrictions on housing lending, with the RBNZ signalling they are likely to be eased for owner occupiers if subdued housing lending continues.
- The message remains one of ongoing vigilance, with the RBNZ ready to adjust policy settings when needed.

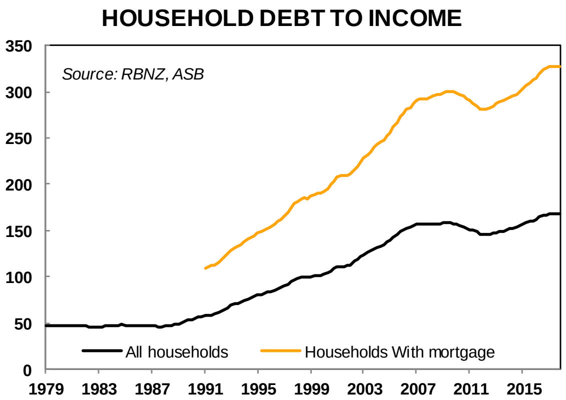
The RBNZ continues to note that the NZ financial system is sound, but it remains wary about housing, dairy, and the reliance of banks on foreign funding, with these vulnerabilities having remained broadly stable in the past six months. The nationwide housing market and low rates of housing credit growth have tilted risks in favour of a further relaxation in the loan-to-value restrictions, but this will be conditional on subdued lending growth “being sustained”. This seems prudent to us given uncertainties over the impact of the Government’s housing-related policies and buoyancy evident in regional house prices. Despite the positive price outlook, the RBNZ remains wary over risks in the dairy sector, with high debt levels and the concentration of debt leaving the sector still vulnerable to shocks. Banks have been able to reduce their reliance on offshore funding, but could still face liquidity problems if international developments meant banks lose access to global funding markets. The RBNZ has made progress on policy initiatives that will increase the resilience of the financial system. In a nutshell, the message remains one of ongoing vigilance, with the RBNZ ready to adjust policy settings when needed. Importantly, the RBNZ also reiterated the need for NZ financial institutions to retain the trust of the public. There are no new implications to our OCR view.

Same message despite different format

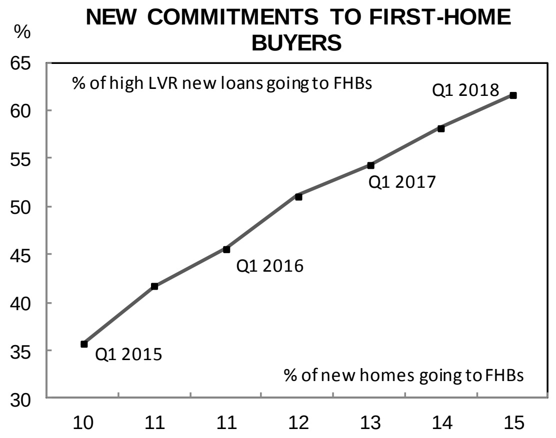
As was the case with the Monetary Policy Statement, the Financial Stability Report was presented in a different format to earlier vintages - The Financial Stability Report in pictures section was a new innovation as was the Bank Financial Strength Dashboard - with the focus on making the report and policy measures more accessible to a wider audience. **Importantly, however, there were few changes in the RBNZ’s key policy messages on financial stability.**

No change to LVR Restrictions, but the next move is likely to be a relaxation

Given the subdued tone to the nationwide housing market and low rates of housing credit growth, the RBNZ has signalled the next move on the loan-to-value restrictions (LVR) on housing lending is likely to be a relaxation. The RBNZ did note that financial risk had lessened with both lending and house price growth slowing in the last 12 months – part of which was due to the imposition of loan-to-value (LVR) ratio restrictions and tighter bank lending standards. **However, the RBNZ remains concerned over high indebtedness of parts of the household sector and reiterated that “more subdued lending growth needs to be further sustained before we gain sufficient confidence to again ease the LVR restrictions”. Clearly, the RBNZ remains concerned over the risk of another housing market upswing and is taking a cautious approach.**



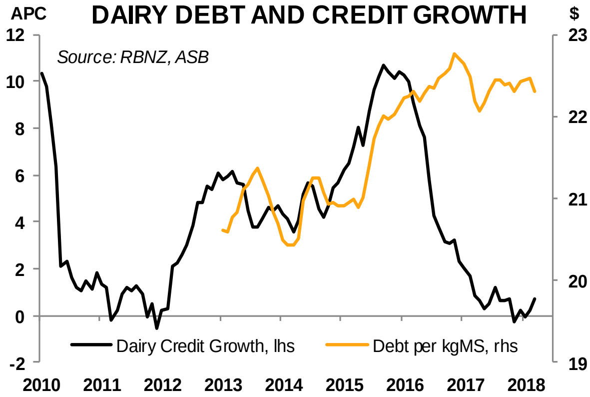
In the RBNZ’s assessment the LVR restrictions have been effective in mitigating risks in the housing sector and have not impeded greater home ownership. The FSR showed that in recent years a substantial and increasing share of high-LVR loans has gone to first-home buyers and the share of total new commitments going to first-home buyers has grown steadily (see figure). This suggests a higher hurdle than otherwise to the relaxation of LVR restrictions for housing investors.



While the nationwide housing market has remained subdued the RBNZ decision seems prudent to us in light of the well-publicised buoyancy of

the housing market in regional areas. There are considerable uncertainties over the nationwide house price outlook, with the market caught in a tug-o-war between stretched affordability and regulatory changes to dampen investor demand versus the lack of housing provision given our still-strongly growing population. We expect the nationwide market to limp along until at least the end of the year until a clearer picture emerges. Regional centres are expected to continue to outperform those of larger centres until they run into affordability constraints, and we will be closely monitoring rental yields.

Dairy debt high



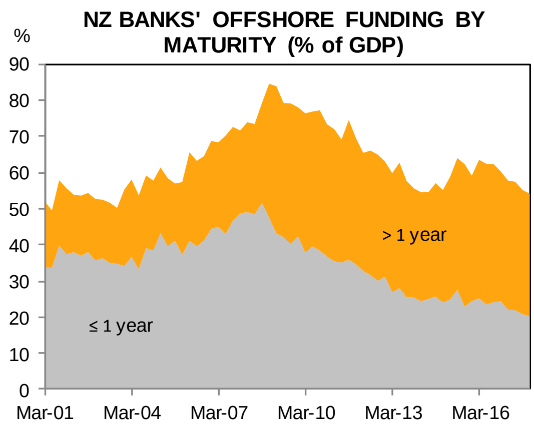
As in the past the RBNZ continues to note that some parts of the dairy sector are highly indebted with debt becoming more concentrated, and therefore vulnerable to shocks. Mycoplasma Bovis is one example of such shocks, with its likely impacts on productivity in the sector and the impacts for individual farms facing culls. Dairy farmers will also over time face greater environmental compliance requirements that will affect operational costs. The transition towards lower leverage is starting, though, with outstanding dairy debt largely flat for 18 months. **Aside from the emerging risks from Mycoplasma Bovis, the RBNZ judges that dairy-related risks have not changed materially since the November FSR.** The comments on Mycoplasma Bovis appear to have been written before the May 28 Government announcement to proceed with an expanded eradication attempt.

Commercial property risks receding

The RBNZ sees lower vulnerabilities from this sector, with price growth having slowed, lending standards tightened, and low commercial property vacancy rates with limited fresh supply on the horizon. The RBNZ notes that lending to this sector only accounts for 8% of bank lending: the impact of problems in this sector would be more through weakening banks' resilience to deal with other challenges rather than through a direct financial stability risk.

Financial system in general

The RBNZ continues to see the financial system as sound, with 'sufficient' capital and liquidity buffers. NZ banks' offshore exposures have reduced relative to their balance sheets and relative to NZ's GDP, and within the offshore funding the proportion of long-term funding has risen. Both of these developments have bolstered banks' resilience to a financial crisis. The RBNZ has also made progress on other policy initiatives to increase the resilience of the financial system.



Risks to NZ's financial stability remain from potential overseas developments. Monetary policy is either starting to tighten (the US) or expected to do so in coming years (e.g. the UK, Australia, as well as in NZ). With that comes the risk that asset prices fall, having been boosted by the period of extremely low interest rates. The RBNZ also noted China's debt build-up of debt, particularly amongst corporates. And brewing trade tensions could yet bubble into trade protectionism that affects NZ's export growth. **The RBNZ also noted the need for NZ financial institutions to retain the trust of the public.** This added focus comes in the wake of the Australian Royal Commission into the financial services sector and the RBNZ's and Financial Market Authority's joint requests to NZ banks and life insurers to demonstrate that there are no systemic misconduct issues in the NZ industry.

In a nutshell, the message remains one of ongoing vigilance, with the RBNZ ready to adjust policy settings when needed. We expect the OCR to remain on hold until August 2019. **LVR restrictions for investor lending are likely to remain in place for a while yet, but a relaxation on restrictions for owner occupiers is still possible** if lending growth is weak, house price lifts in the main centres are muted and the regional house price upswing runs out of puff.

Foreign Exchange Market

FX Rates	Current*	Week ago	Month ago	Year ago	ST Bias	Support^	Resistance^	MT Bias
NZD/USD	0.7028	0.6934	0.7022	0.7075	FLAT	0.6950	0.7150	UP
NZD/AUD	0.9191	0.9202	0.9298	0.9572	FLAT	0.9100	0.9300	UP
NZD/JPY	77.16	75.62	76.61	78.94	FLAT	75.50	79.00	FLAT
NZD/EUR	0.6009	0.5962	0.5859	0.6306	FLAT	0.5900	0.6100	DOWN
NZD/GBP	0.5279	0.5206	0.5170	0.5494	FLAT	0.5200	0.5350	FLAT
TWI	73.8	72.9	73.2	76.53	FLAT	73.00	74.50	UP

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

NZD Recap

Last week **financial market sentiment was dominated by Italian political uncertainty**, as Italian political parties struggled to form a coalition agreement, raising fears that a new Italian general election would have to take place later this year. However, over the weekend, a last-minute deal to form a Government was made which saw a recovery in global risk sentiment. This improvement in sentiment was further reinforced by **strong US employment data and a stronger-than-expected lift in US wage growth**. The NZD lifted against most of the major crosses (except the AUD) on the back of improved global confidence.

Amidst last week's volatility, the **NZD was also supported by the Government's announcement that it would cull 152,000 cattle in an attempt to eradicate mycoplasma bovis.** This cull could reduce dairy production by up to 3%. As a result, we expect dairy prices to firm at this week's global dairy trade auction and further support the NZD/USD recent lift above 70 cents.

Near-term outlook

The **EUR may receive some near-term support with Italian political risks receding**. Furthermore, faster Eurozone CPI inflation in May reinforces the case for the European Central Bank (ECB) to proceed with a modest change in its forward guidance stance at its 14 June meeting. However, near-term support for the EUR is likely to be somewhat limited with **concerns about the potential fiscal profligacy path planned by Italy's incoming populist government** which will also keep Italian German bond yield spreads relatively wide and curtail EUR upside.

We expect the **USD to continue to trade firmly this week,** with robust US economic data continuing to reinforce the outlook for US rate hikes. Meanwhile, **concerns about worsening trade developments may weigh on the commodity currencies (NZD, AUD and CAD) against the USD**. On Friday, the US imposed tariffs on steel and aluminium from the European Union, Canada and Mexico. The European Union, Canada and Mexico immediately announced they would match dollar for dollar the US tariffs and appeal to the World Trade Organisation.

Medium-term outlook

We believe the recent bout of USD weakness has ended. **We expect the USD to remain supported given the slight moderation in global growth over 2018 and the fact that the US Federal Reserve is now expected to tighten rates at a faster pace than other central banks. 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	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Mar-20	Mar-21
(end of quarter)		<< actual	forecast >>					
NZD/USD	0.71	0.72	0.72	0.72	0.72	0.72	0.74	0.75
NZD/AUD	0.91	0.94	0.95	0.94	0.92	0.91	0.90	0.94
NZD/JPY	80	77	78	77	76	75	74	81
NZD/EUR	0.59	0.59	78	0.59	0.58	0.58	0.57	0.57
NZD/GBP	0.53	0.51	78	0.51	0.51	0.50	0.49	0.53
NZD TWI	74.3	74.3	78	74.0	73.3	72.7	72.5	74.4

Interest Rate Market

Wholesale interest rates	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	2.01	2.01	2.03	1.95	FLAT	UP
2-year swap	2.25	2.20	2.28	2.21	FLAT/UP	UP
5-year swap	2.68	2.64	2.74	2.70	FLAT/UP	UP
10-year swap	3.16	3.12	3.21	3.20	FLAT/UP	UP
10-year govt bond yield	2.80	2.74	2.78	2.77	FLAT/UP	UP
Curve Slope (2s10s swaps)	0.91	0.91	0.93	0.99	FLAT/UP	DOWN

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

Market Recap

Local and global swap yields start the week higher, with steeper curves. Strong US economic data and easing geopolitical tensions supported risk sentiment, with US 10-year Treasury yields (2.94%) regaining earlier falls. The May US labour market prints were strong – the unemployment rate fell to an 18-year low of 3.8%, payrolls and average labour earnings topped the market consensus - and look to have cemented in a June hike at next week's Fed meeting. Our focus, however, is what the Fed is likely to do after June. The Bank of Canada signalled more rate increases were in store, but the timing of hikes remained flexible. Rates markets were sanguine to the swearing in of the new populist government in Italy and the ousting of the Rajoy Government in Spain by the Socialist led-opposition, with German and UK yields up and Italian and Spanish government bond yields down. Signs of progress on US/North Korean also supported risk sentiment and global yields. Local data and events, including weak domestic business confidence and the RBNZ Financial Stability Report (see our report here) – had a limited impact on the domestic rates market.

Near-term NZD interest rate outlook

We expect positive risk sentiment to support yields over the week. Little market reaction is expected from today's RBA policy decision, with the cash rate expected to be held at 1.50%. Recent speeches from RBA officials have indicated that the next RBA move on the cash rate is likely to be up, but with house prices still falling and no clear evidence that wages growth and core inflation are on a sustained upward trend, markets can be confident that a hike is a long way off. Tonight's May US non-manufacturing ISM report is expected to confirm strengthening US momentum following the Q1 lull. Some volatility in rates market is possible should Q1 Australian GDP deviate significantly from the 0.8% qoq market consensus. **The G7 Finance Ministers meeting on June 8 and 9 should be the major risk event.** Protectionist risks remain, with elevated tensions between China and the US and with non-US G7 Finance Ministers calling for "decisive action" to resolve trade issues following the imposition of steel and aluminium tariffs by the US. Oil prices (West Texas grade) have fallen roughly 10% over the last two weeks, which could dampen longer-term yields.

Medium-term outlook

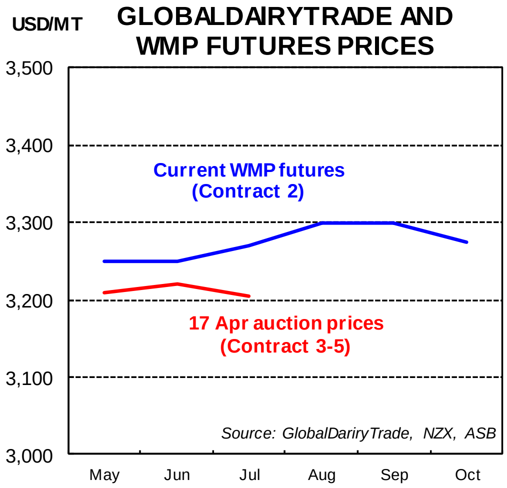
Our core view is that the RBNZ will start lifting the OCR in Q3 of 2019. We expect a moderate pace of tightening by historical standards, and a low OCR endpoint of around 3.5% this cycle. We now expect a total of five Fed hikes until the end of 2019 (three in 2018, two in 2019). This should see US wholesale interest rate yields climb more than NZD comparators. **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	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Mar-20	Mar-21
(end of quarter)		<< actual	forecast >>					
NZ OCR	1.75	1.75	1.75	1.75	1.75	1.75	2.25	2.75
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	2.3	2.4	2.5	3.3	3.7
NZ 10-year Bond	2.75	2.7	2.9	2.9	3.0	3.1	3.3	3.4

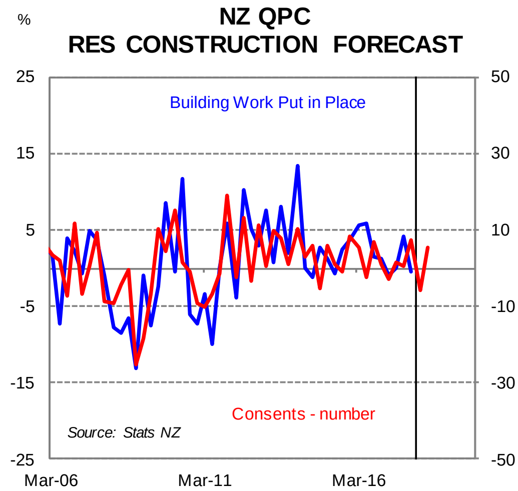
Major Domestic Events for the week ahead

Data	Date	Time (NZT)	Previous	Market	ASB
Global Dairy Trade auction, whole milk powder, %	05/06	overnight	+0.2	-	+2.0
Building Work Put in Place, volumes, Q1, % qoq	06/06	10:45 am	1.4	-	0.3
Economic Survey of Manuf, sales volumes, Q1 %qoq	11/06	10:45 am	0.8	-	-

We expect prices to rise by around 2% at the GlobalDairyTrade auction overnight Tuesday. A fortnight ago, whole milk powder (WMP) prices lifted 0.2%. At the current juncture, futures pricing also suggests WMP prices will lift by around 1%. The NZ winter has arrived and, with it, the seasonal low in NZ production. This seasonal weakness will exacerbate the global butter shortage over the next 2-3 months. With the potential for large rises in butter and anhydrous milk fat prices over this period, small rises in WMP will play second fiddle to these moves.

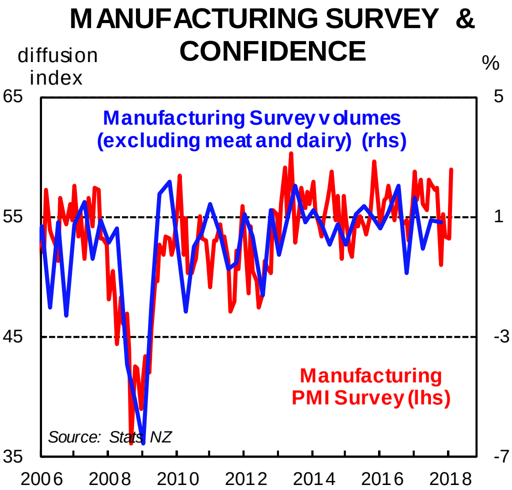


Building Work Put in Place is a survey of building-related construction activity and is a key input into GDP. **We forecast the volume of building activity remained broadly flat over Q1, lifting just 0.3%.** We expect residential building to fall 1.4%, with declines in Canterbury and Wellington more than offsetting continued growth in Auckland. The residential building consent profile has been a bit volatile of late, with falls in some regions late last year. Consents have since bounced back and point to an increase in residential building activity from Q2.



Meanwhile, we **expect non-residential building to lift strongly**, up 2.9% over the quarter, adding to the previous quarter's 4% rise. We look for a broad-based lift in activity across the country following strong non-residential consent issuance. However, capacity constraints in the construction sector may limit the extent of growth in this sector.

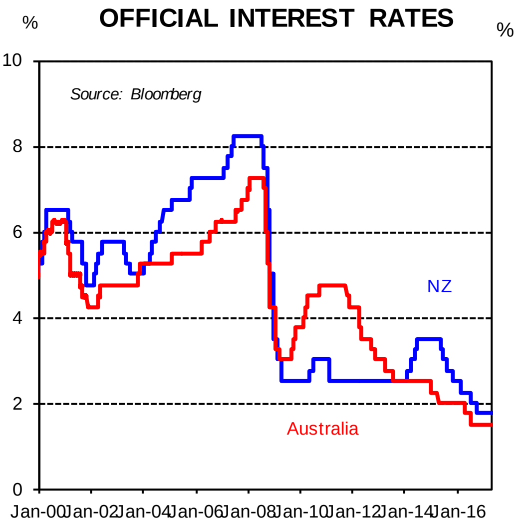
We use sales and inventory from the Economic Survey of Manufacturing as an indicator for Q1 GDP ex-meat and dairy manufacturing production. The manufacturing PMI eased over the first quarter of the year, and suggests slower growth in manufacturing output and sales over Q1. In saying this, manufacturing output has performed weaker than expected over 2017 compared to the manufacturing PMI. NZ housing construction is a key industry which drives NZ manufacturing activity and growth in housing construction has slowed considerably over the past year, with construction sector capacity a key constraint on further growth. Business investment also drives manufacturing activity and businesses have been cautious since the election. All up, this key trends suggests manufacturing activity growth may remain slow over the first half of 2018.



Meanwhile, meat and dairy related manufacturing may register a fall over Q1 as (seasonally-adjusted) livestock slaughter fell following a surge in Q4.

Major International Events for the week ahead

Data	Date	Time (NZT)	Market	ASB
Australia Current Account Deficit, Q1, $bn	05/06	1:30 pm	9.9	10
Reserve Bank of Australia Interest Rate Announcement, %	05/06	4:30 pm	1.5	1.5
Australia GDP, Q1, %qoq	06/06	1:30 pm	0.8	0.6-0.8
Australia Trade Balance, April, $bn	07/06	1:30 pm	1.0	1.0
Japan Current Account deficit, April, ¥bn	08/06	11:50 am	2,076	2,100
China Trade Balance, May, US$bn	08/06	-	33	25



We expect to see a narrowing in **Australia's current account deficit** by around $4bn to $10bn in Q1. Commodity prices were firmer over the quarter and growth in export volumes was also solid. According to our calculations, net exports will contribute 0.6ppts to Q1 GDP growth, having been a drag on growth over Q4 2017.

The Reserve Bank of Australia is likely to leave the cash rate unchanged in June. There has been no move in the policy rate since August 2016. Comments from the Governor on Q1 wages data, published in April, and the housing market will be of most interest to financial market participants. The RBA is expected to continue to sound upbeat on the outlook for the Australian economy. But it is clear that the policy rate is going to stay on hold for a while longer given there is no evidence yet that wages growth and core inflation are on a sustained upward trend.

Australia's GDP should likely expand by decent a 0.6-0.8% over Q1. Net exports should make a solid contribution to growth while household consumption growth is likely to be modest. The annual pace of growth should lift to around 2.50-2.75%. A full preview and point estimate will be published on Tuesday after the final partial data are released.

Japan has had a remarkable turnaround in the trade balance since recording a trade deficit in February. Japan's already-released customs data for April showed a surge in the trade surplus. We predict the **current account surplus** will increase to ¥2,100 billion (about 4% of GDP).

We expect **China's exports to have grown 11% yoy in May, with imports recording 18% yoy growth over the month**. In addition, we anticipate export shipments to the US to be front-loaded to avoid potential US trade restrictions. This means that while Chinese exports to the US may pick up over the near term, exports to the US are likely to weaken later in the year. The recently-announced cuts to Chinese import duties should also support imports over the coming months.

Global Data Calendars

Calendar - Australasia, Japan and China

Date	Time (NZT)	Eco	Event	Period	Unit	Previous	Forecast Market	Forecast ASB
Tue 5 Jun	12:30	JN	Nikkei Japan PMI composite	May	Index	53.1	~	~
	13:30	AU	BoP current account balance	Q1	$bn	14.0	~	10.0
	13:45	CH	Caixin China PMI composite	May	Index	52.3	~	~
	16:30	AU	RBA cash rate target	Jun	%	1.5	1.5	1.5
Wed 6 Jun	10:45	NZ	Volume of all buildings	Q1	q%ch	1.4	~	0.3
	13:30	AU	GDP	Q1	q%ch	0.4	~	0.6-0.8
Thu 7 Jun	05:00	NZ	QV house prices	May	y%ch	7.6	~	~
	13:30	AU	Trade balance	Apr	$bn	1.5	~	1.0
	17:00	JN	Leading index CI	Apr P	Index	104.4	~	~
Fri 8 Jun	~	CH	Trade balance	May	CNY bn	182.8	~	~
	11:50	JN	GDP	Q1 F	q%ch	-0.2	~	~
Sat 11 Jun	13:30	CH	CPI	May	y%ch	1.8	~	~

*P = Preliminary

Calendar - North America & Europe

Date	Time (UKT)	Eco	Event	Period	Unit	Previous	Forecast Market	Forecast ASB
Tue 5 Jun	09:00	EC	Markit Eurozone composite PMI	May F	Index	54.1	~	~
	09:30	UK	Markit/CIPS UK composite PMI	May	Index	53.2	~	~
	10:00	EC	Retail sales	Apr	m%ch	0.1	~	~
	14:45	US	Markit US composite PMI	May F	Index	55.7	~	~
	15:00	US	ISM non-manunfacturing	May	Index	56.8	57.5	~
Wed 6 Jun	09:10	EC	Markit Eurozone retail PMI	May	Index	48.6	~	~
	13:30	US	Nonfarm productivity	Q1 F	%	0.7	0.7	~
	13:30	US	Unit labor costs	Q1 F	%	2.7	2.7	~
	13:30	US	Trade balance	Apr	$bn	-49.0	-51.5	~
Thu 7 Jun	08:30	UK	Halifax house prices	May	m%ch	-3.1	~	~
	10:00	EC	GDP	Q1 F	q%ch	0.4	~	~
	13:30	US	Initial jobless and continuing	Jun	~	~	~	~
	20:00	US	Consumer credit	Apr	$bn	11.6	14.0	~
Fri 8 Jun	09:30	UK	BoE/TNS inflation next 12	May	%	2.9	~	~
	15:00	US	Wholesale trade sales	Apr	m%ch	0.3	~	~
	15:00	US	Wholesale inventories	Apr F	m%ch	0.0	~	~

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	0.4	1.0	0.9	0.9			
GDP real - A%	2.9	2.5	2.6	2.9	3.1	3.6	3.3	3.0
GDP real - AA%	2.9	2.7	2.7	2.7	2.8	3.1	3.4	3.2
CPI - Q%	0.1	0.5	0.4	0.5	0.1			
CPI - A%	1.6	1.1	1.5	1.5	1.5	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	1.9	1.8	1.6
Unemployment rate - %sa	4.5	4.4	4.4	4.3	4.2	4.2	4.1	4.0
Annual current account balance as % of GDP	-2.7	-2.4	-2.5	-2.5	-2.5	-2.3	-2.4	-2.4

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
(end of quarter)		<< actual	forecast >>					
NZ OCR	1.75	1.75	1.75	1.75	1.75	1.75	2.25	2.75
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	2.3	2.4	2.5	3.3	3.7
NZ 10-year Bond	2.75	2.7	2.9	2.9	3.0	3.1	3.3	3.4

ASB foreign exchange forecasts	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Mar-20	Mar-21
(end of quarter)		<< actual	forecast >>					
NZD/USD	0.71	0.72	0.72	0.72	0.72	0.72	0.74	0.75
NZD/AUD	0.91	0.94	0.95	0.94	0.92	0.91	0.90	0.94
NZD/JPY	80	77	78	77	76	75	74	81
NZD/EUR	0.59	0.59	78	0.59	0.58	0.58	0.57	0.57
NZD/GBP	0.53	0.51	78	0.51	0.51	0.50	0.49	0.53
NZD TWI	74.3	74.3	78	74.0	73.3	72.7	72.5	74.4

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