Managing the economy amidst global upheavals

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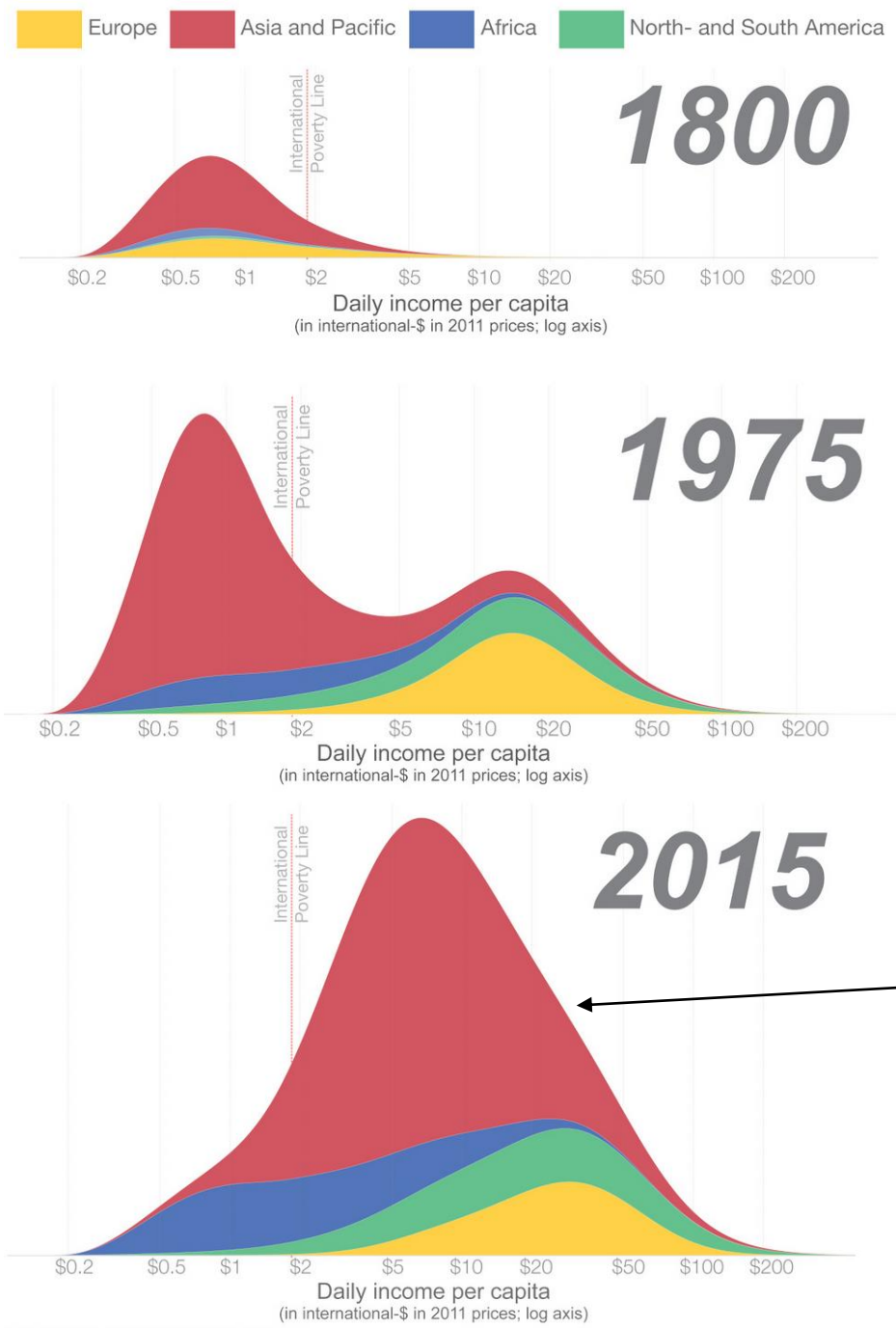
Kapiti WEA 12 August 2023

- The global conjuncture
- COVID
- Ukraine
- NZ macro situation
  - Balance of payments and sector balances
  - Income distribution
  - Monetary statistics
  - Fiscal and monetary policy

Global conjuncture



Changing global distribution of income (measured as real GDP per capita, in “Purchasing Power Parity” dollars.

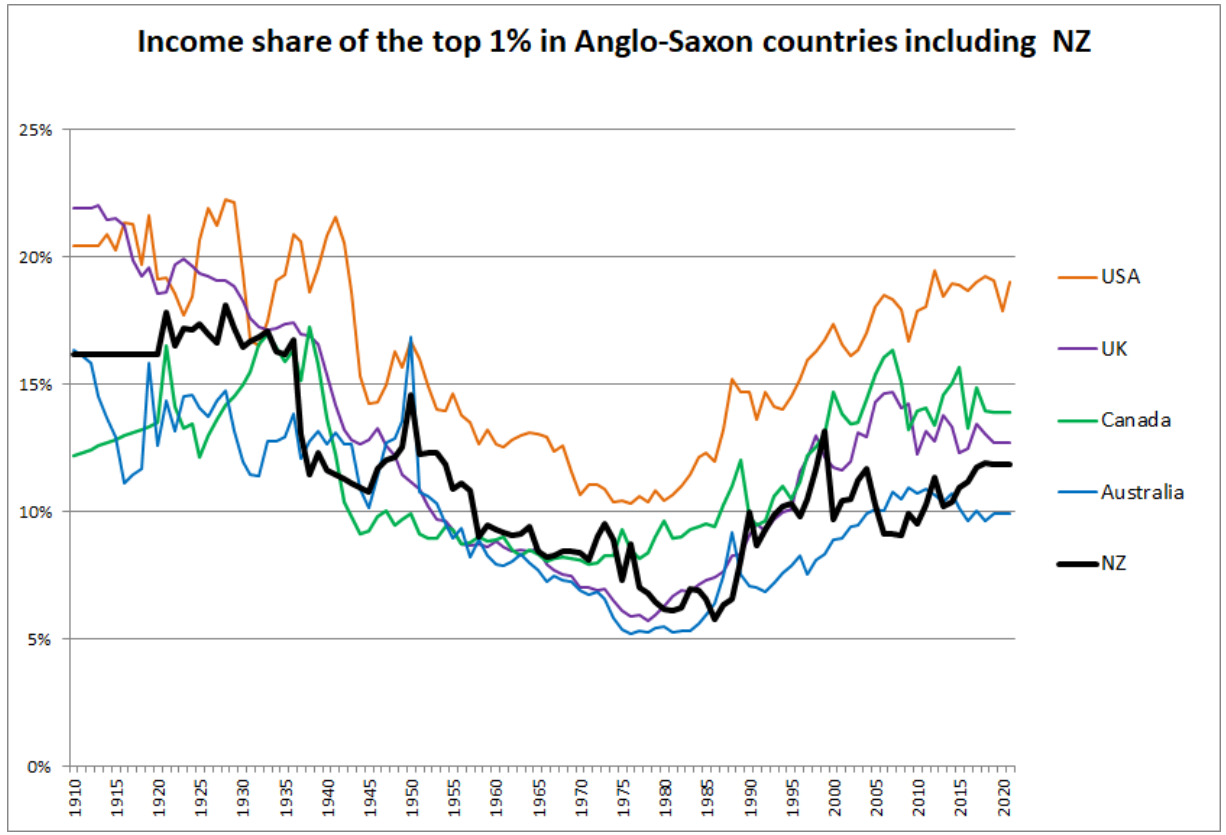
Middle class consumers

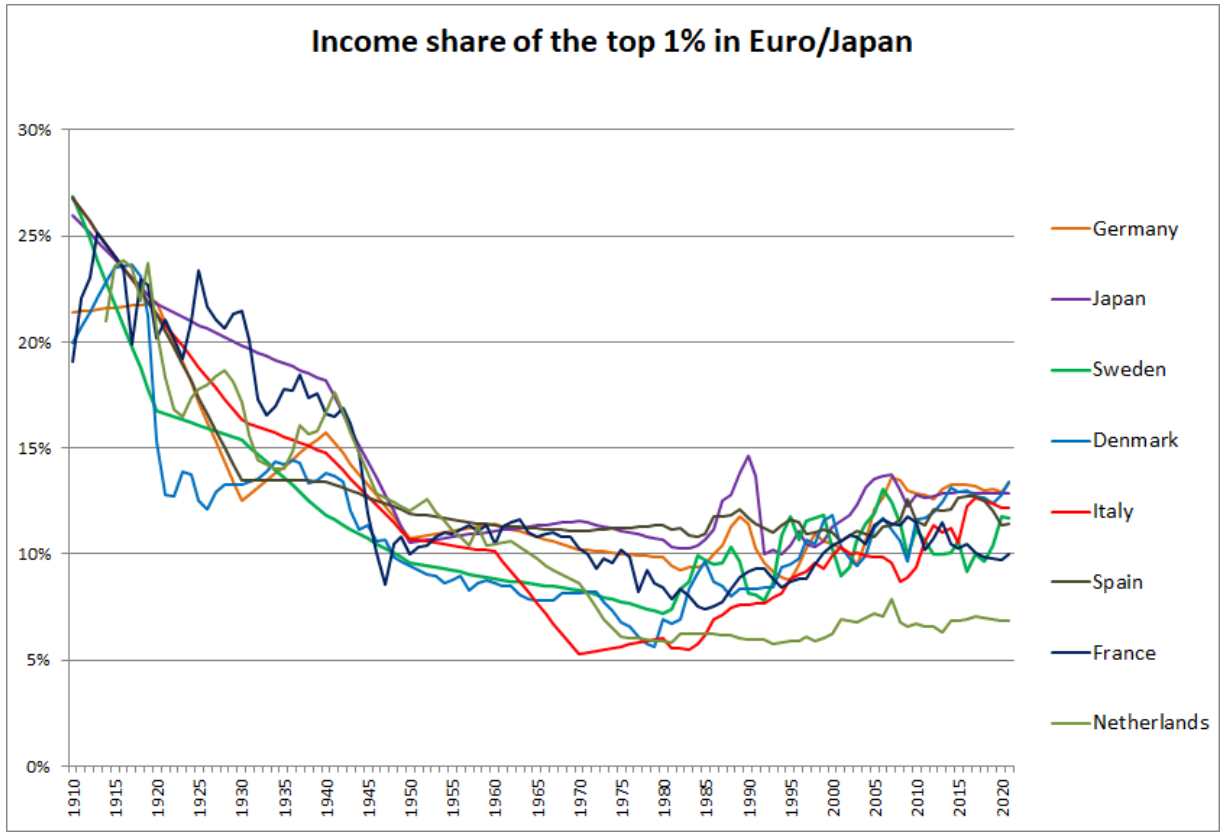
Movie link:

https://www.gapminder.org/tools/#$model$markers$bubble$encoding$frame$speed:208;;;;;&chart-type=bubbles&url=v1

https://www.visualcapitalist.com/cp/visualizing-global-income-distribution-over-200-years/ downloaded 18 July 2023

Two contrasting experiences among the rich countries

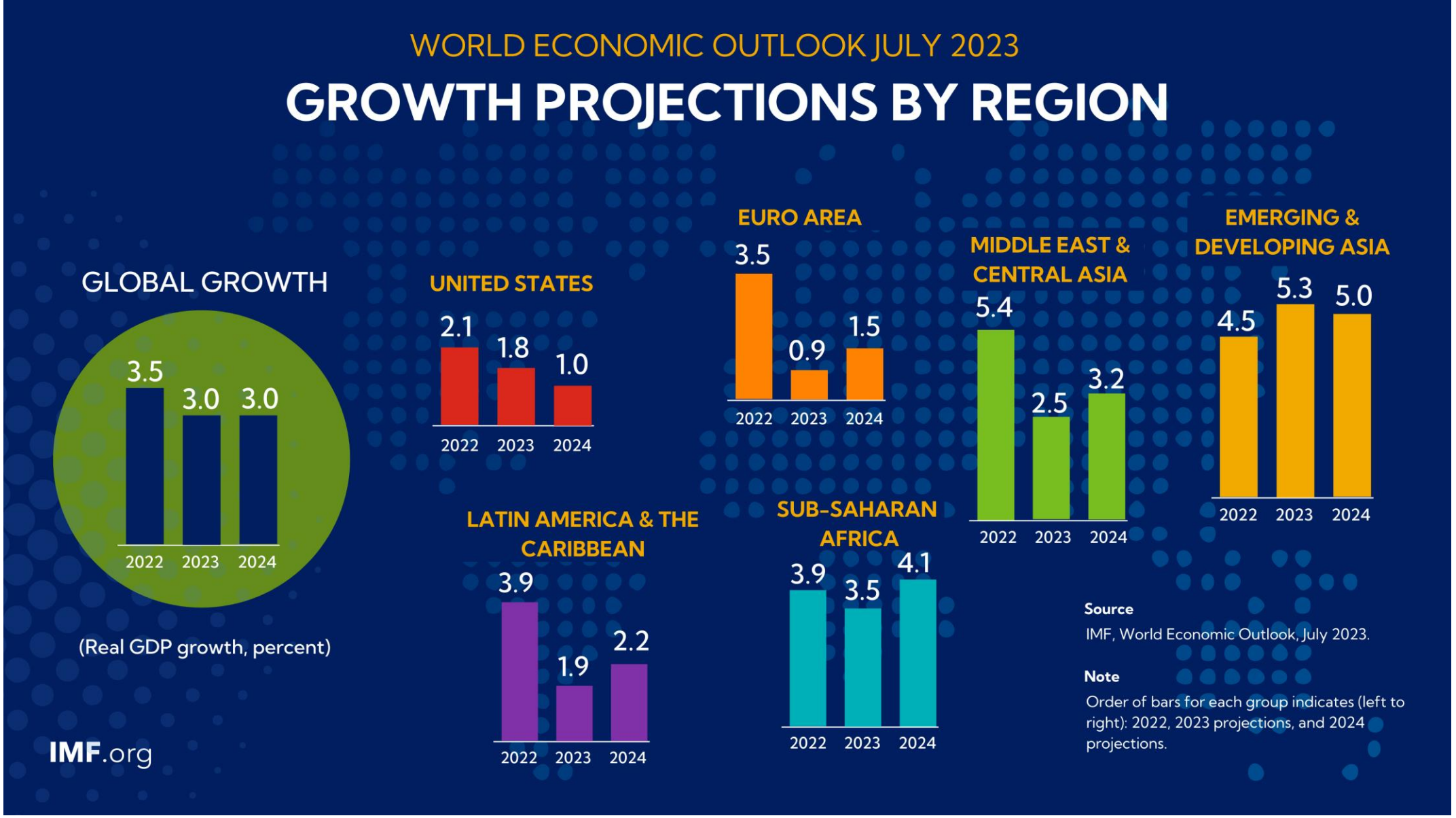




Replication of https://ourworldindata.org/how-has-income-inequality-within-countries-evolved-over-the-past-century downloaded 18 July 2023 adding Australia and New Zealand, from https://wid.world/data/ data extracted 18 July 2023. [File 'Top percentile and 0.1%' sheet 'Top 1%'.]

COVID: New Zealand dodged the bullet

https://ourworldindata.org/grapher/excess-deaths-cumulative-per-100k-economist?time=2023-07-16

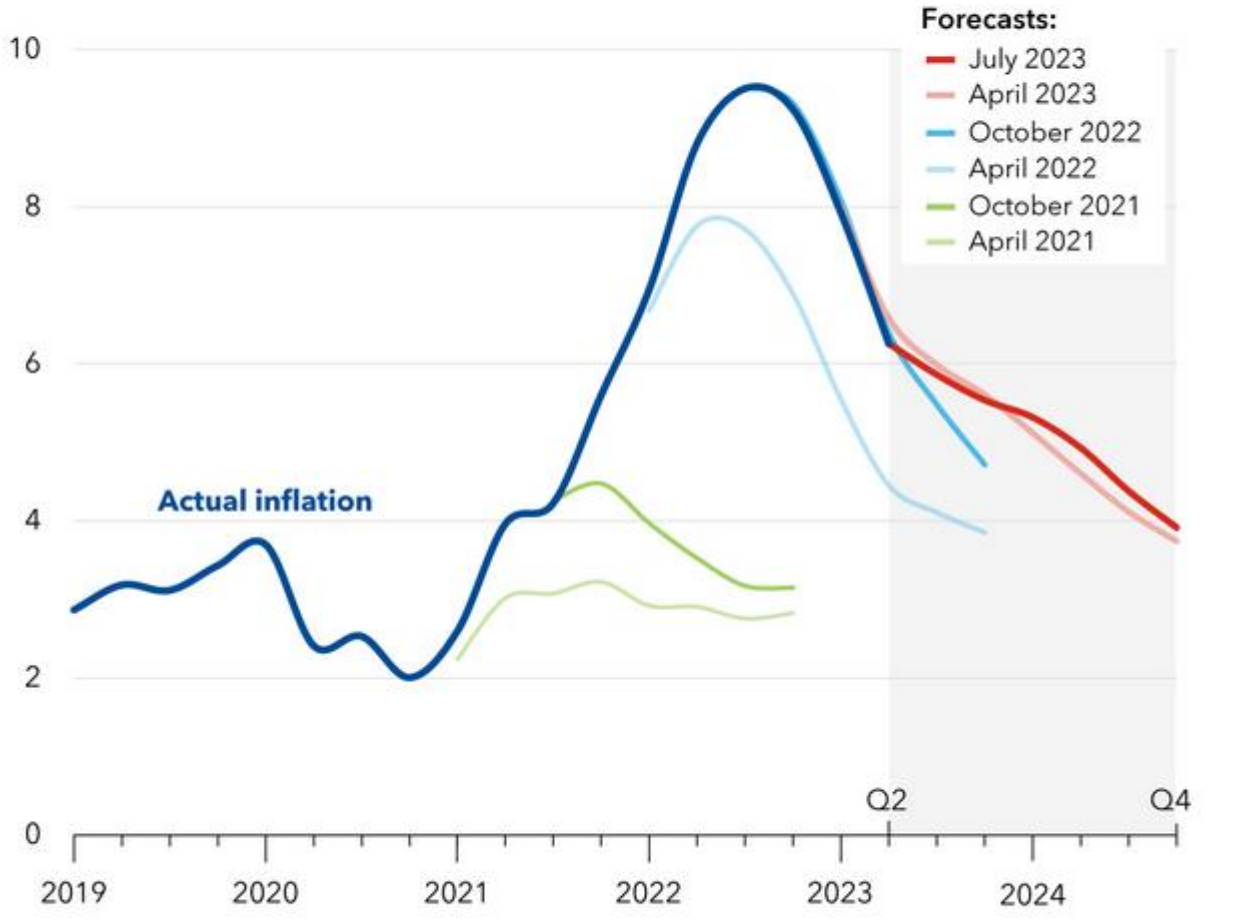


https://www.imf.org/-/media/Images/IMF/Publications/WEO/2023/July/regional-projections-2.ashx?h=2160&w=3841&la=en
accessed 11 August 2023

Headline inflation

Inflation is coming down, but the pace of disinflation is slowing.

(world; percent; year-on-year)



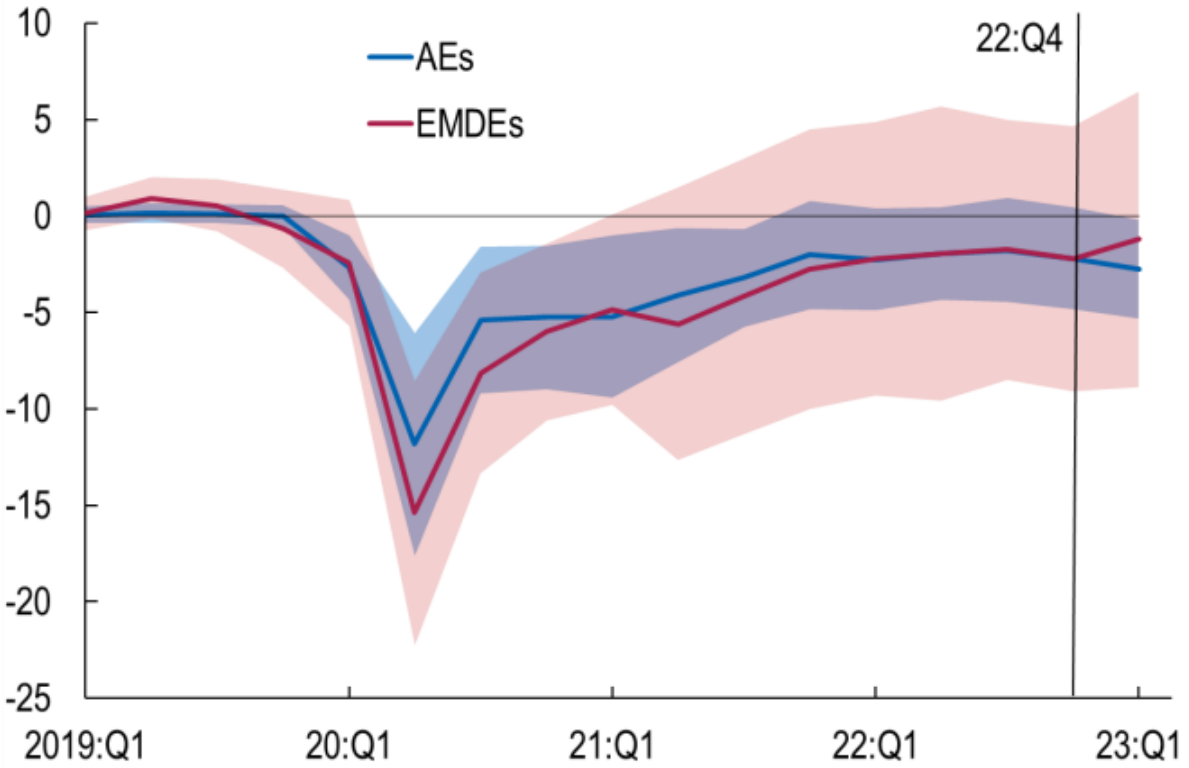
Sources: IMF, World Economic Outlook; and IMF staff calculations.

IMF

https://www.imf.org/-/media/Images/IMF/Blog/Articles/Blog-Charts/2023/July/WEO-Chart-2-July-2023.ashx accessed 11 August 2023

Figure 1. Value Added in the Services Sector: Distance to Pre-Pandemic Trends

(Percent)



Sources: Haver Analytics; and IMF staff calculations.
Note: The lines denote means and the bands represent one standard deviation around the means. For 18 AEs, the sample comprises AUS, CAN, CHE, CZE, DEU, DNK, ESP, FRA, GBR, ISR, ITA, KOR, NOR, NZL, SGP, SWE, TWN, and USA. For 16 EMDEs, the sample comprises ARG, BRA, CHL, CHN, COL, HUN, IDN, IND, MEX, MYS, PER, PHL, RUS, THA, TUR, and ZAF. Economy list uses International Organization for Standardization (ISO) country codes. AEs = advanced economies; EMDEs = emerging market and developing economies.

IMF *World Economic Outlook Update*
https://www.imf.org/en/Publications/WEO/Issues/2023/07/10/world-economic-outlook-update-july-2023 accessed 11 August 2023

IMF current view of the global economy

- *Upside risks.* More favorable outcomes for global growth than in the baseline forecast have become increasingly plausible.
  - Core inflation could fall faster than expected—from greater-than-expected pass-through of lower energy prices and a compression of profit margins to absorb cost increases, among other possible causes—and declining job vacancies could play a strong role in easing labor markets, which would reduce the likelihood of unemployment having to rise to curb inflation.
  - Developments along these lines would then reduce the need for monetary policy tightening and allow a softer landing.
  - Scope exists for more favorable surprises to domestic demand around the world, as in the first quarter of 2023. In numerous economies, consumers have not yet drained the stock of excess savings they accumulated during the pandemic; this could further sustain the recent strength in consumption.
  - Stronger policy support in China than currently envisaged—particularly through means-tested transfers to households—could further sustain recovery and generate positive global spillovers.
- *Downside risks.* Despite the recent positive growth surprises, plausible risks continue to be skewed to the downside:
  - Tight labor markets and pass-through from past exchange rate depreciation could push up inflation and risk de-anchoring longer-term inflation expectations
  - The war in Ukraine could intensify, further raising food, fuel, and fertilizer prices. The recent suspension of the Black Sea Grain Initiative is a concern in this regard.
  - Financial markets … still expect less tightening than policymakers have signaled, raising the risk that unfavorable inflation data releases could—as in the first quarter of 2023—trigger a sudden rise in expectations regarding interest rates and falling asset prices. Such movements could further tighten financial conditions and put stress on banks and nonbank financial institutions whose balance sheets remain vulnerable to interest rate risk, especially those highly exposed to commercial real estate. Contagion effects are possible
  - Recent developments shift to the downside the distribution of risks surrounding China's growth forecast, with negative potential implications for trading partners in the region and beyond. The principal risks include a deeper-than-expected contraction in the real estate sector in the absence of swift action to restructure property developers, weaker-than-expected consumption in the context of subdued confidence, and unintended fiscal tightening in response to lower tax revenues for local governments.
  - [B]orrowing costs for emerging market and developing economies remain high, constraining room for priority spending and raising the risk of debt distress.
  - The ongoing risk that the world economy will separate into blocs amid the war in Ukraine and other geopolitical tensions could intensify, with more restrictions on trade (in particular that in strategic goods, such as critical minerals); cross-border movements of capital, technology, and workers; and international payments. Such developments could contribute to additional volatility in commodity prices and hamper multilateral cooperation on providing global public goods.

IMF *World Economic Outlook Update*
https://www.imf.org/en/Publications/WEO/Issues/2023/07/10/world-economic-outlook-update-july-2023 accessed 11 August 2023 pp.7-8.

Historical perspective

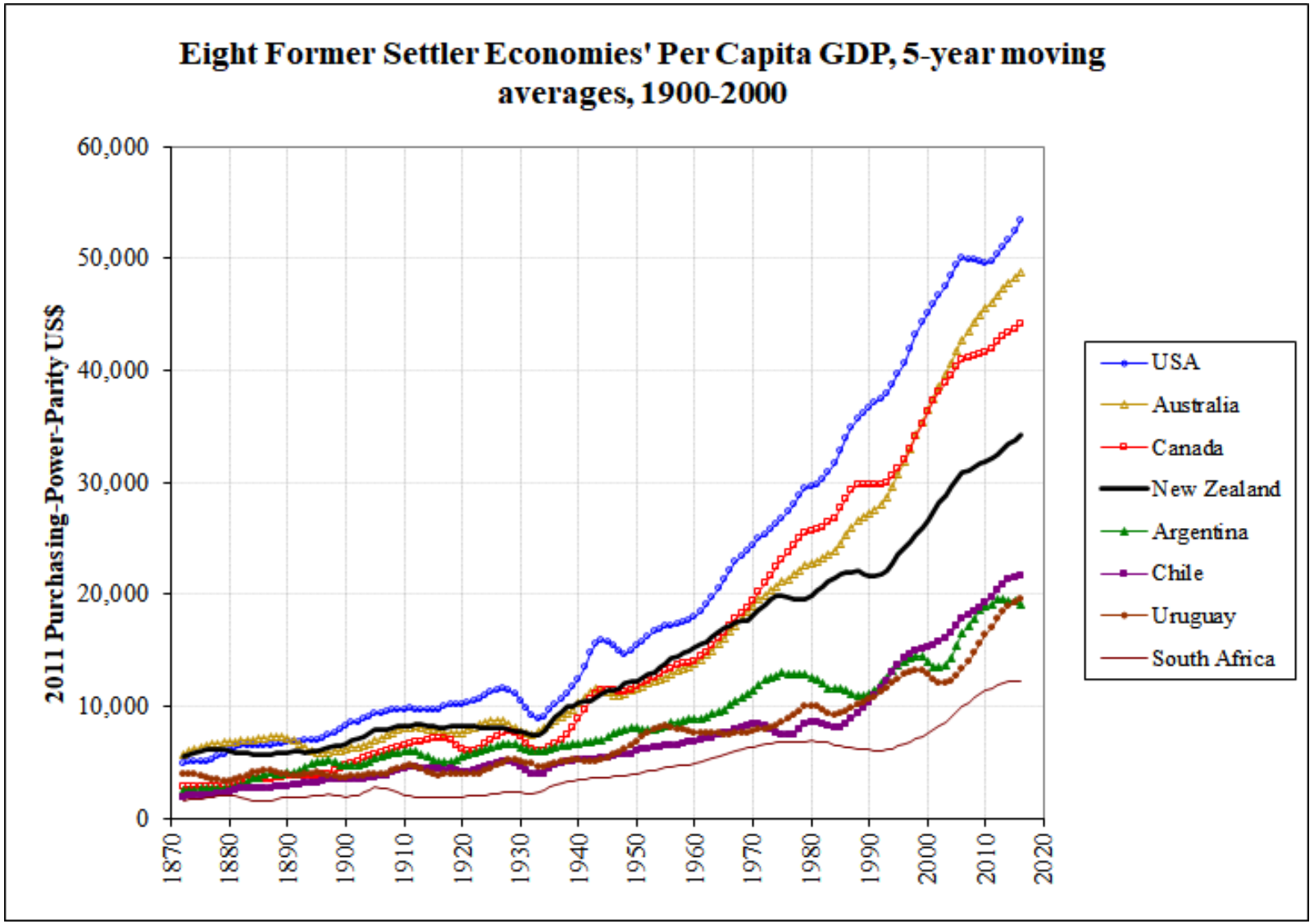
Eight temperate-zone countries have white-settler export economies that were imposed on top of indigenous economies, squeezing the latter

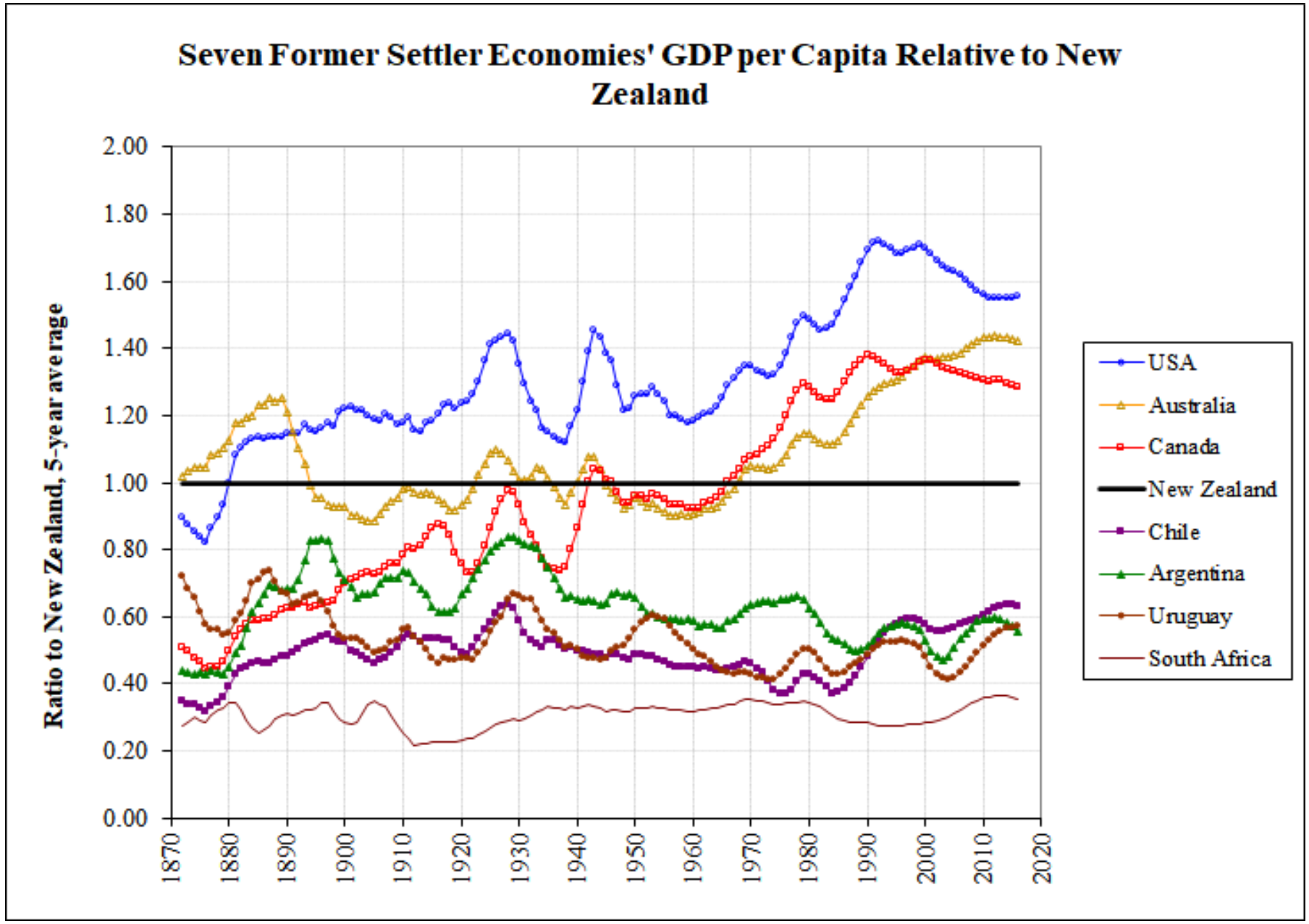
- All converged and flew high in the late nineteenth century on the back of pastoral, crops or mining exports

- In the twentieth century they diverged due to
  - Different market access
  - Different internal social dynamics (indigenous peoples/settlers/later migrants)
  - Different size of domestic market which determines scope for deep industrialization
  - Occasional destructive political episodes

- New Zealand/Aoteraroa was in the leading bunch until the 1970s, then fell back

On a regular (arithmetic) scale the divergence is easier to see:





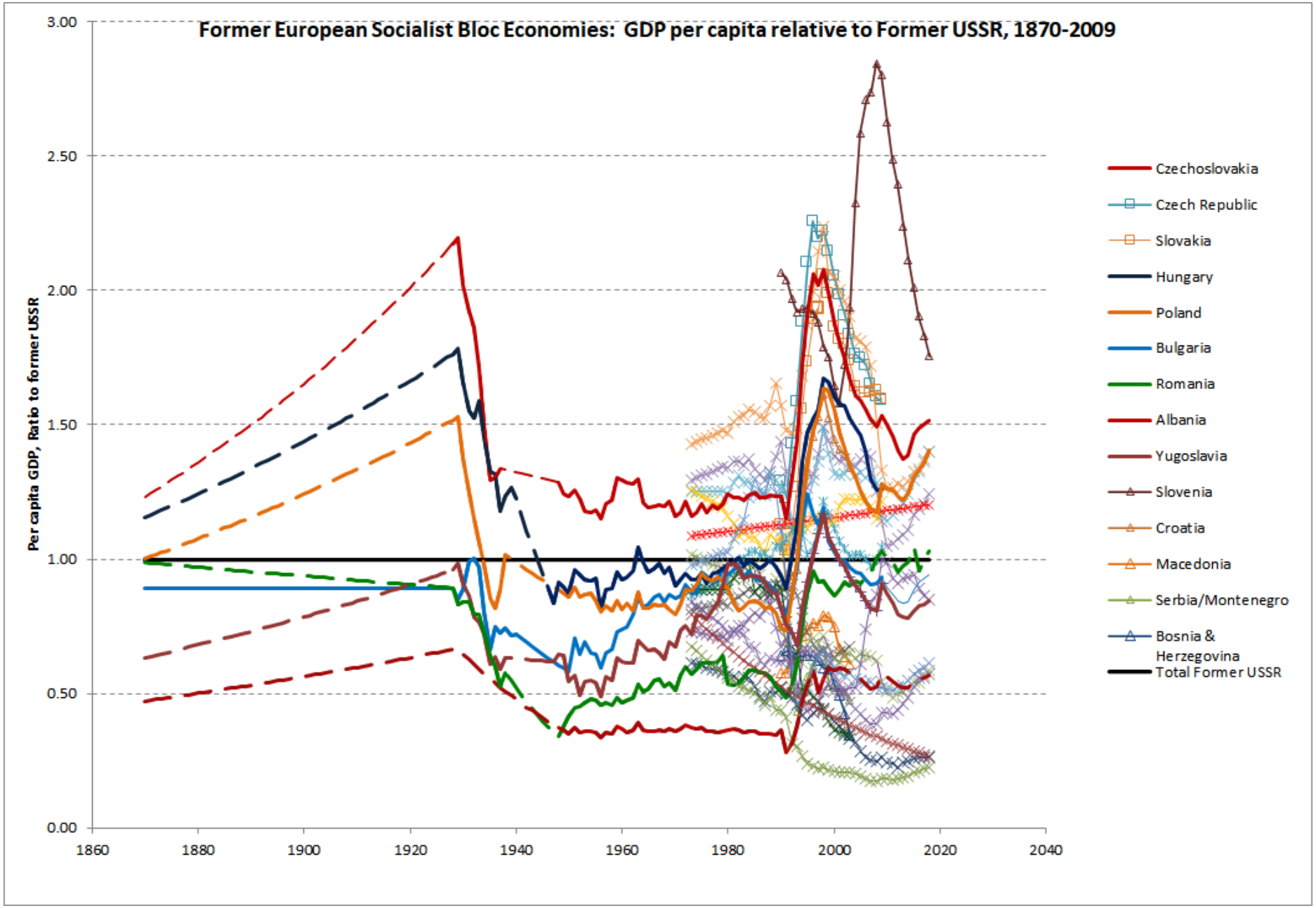
1970-2000 did the big damage

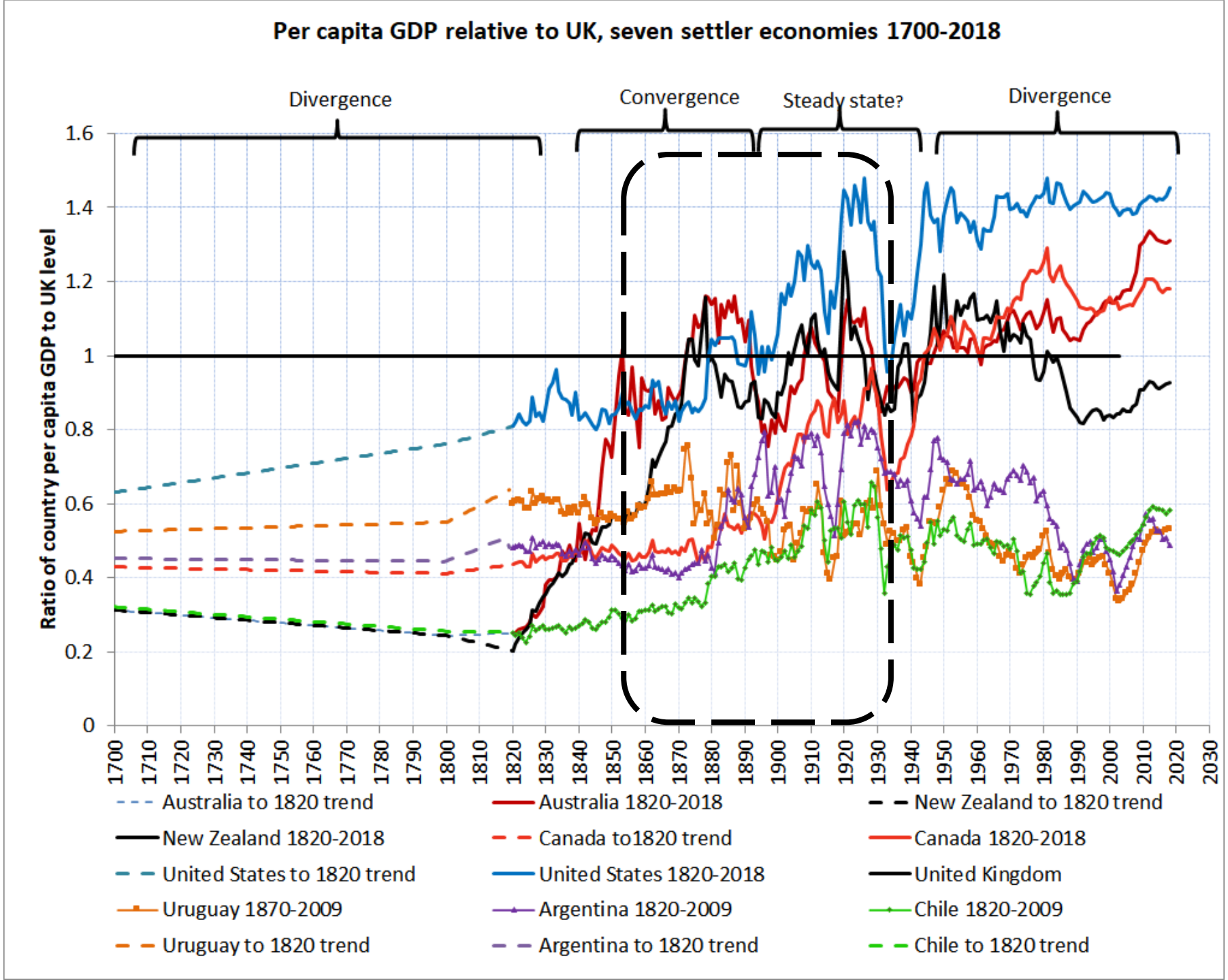
Since 2000 the gap to USA and Canada has narrowed, but Australia still powers away

(Why does the NZ-Australia pair not have the time tight relationship as USA-Canada?)

Note that divergence was checked since 1990

Convergence clubs and divergence forces: an example



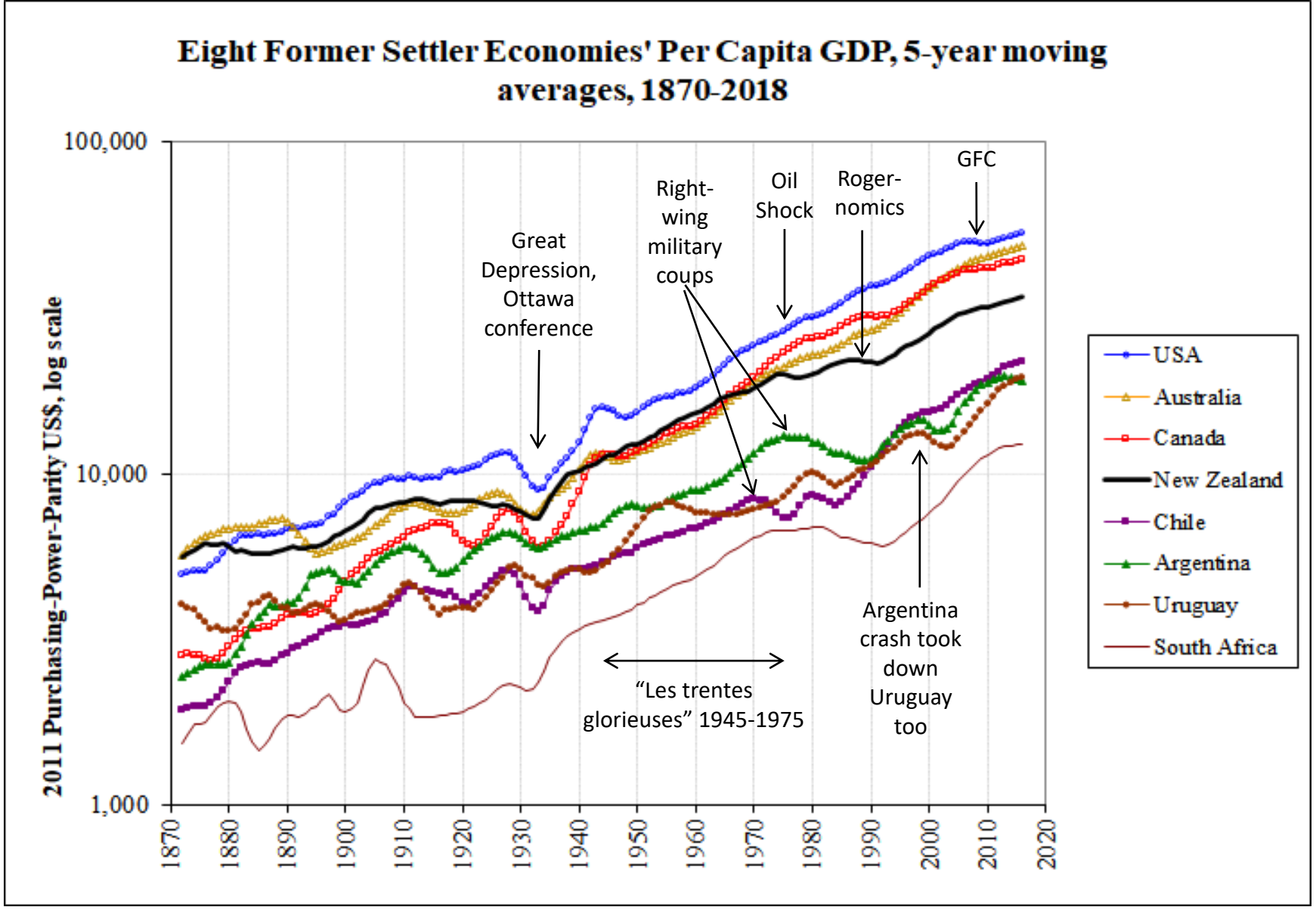

Per capita GDP relative to UK, seven settler economies 1700-2018
Divergence
Convergence
Steady state?
Divergence
Ratio of country per capita GDP to UK level
1.6
1.4
1.2
1
0.8
0.6
0.4
0.2
0
1700
1710
1720
1730
1740
1750
1760
1770
1780
1790
1800
1810
1820
1830
1840
1850
1860
1870
1880
1890
1900
1910
1920
1930
1940
1950
1960
1970
1980
1990
2000
2010
2020
2030
Australia to 1820 trend
Australia 1820-2018
New Zealand to 1820 trend
New Zealand 1820-2018
Canada to1820 trend
Canada 1820-2018
United States to 1820 trend
United States 1820-2018
United Kingdom
Uruguay 1870-2009
Argentina 1820-2009
Chile 1820-2009
Uruguay to 1820 trend
Argentina to 1820 trend
Chile to 1820 trend

A couple of possible reasons for divergence

- Most important: ability to establish and sustain home-grown industrialization
  - USA, Canada and Australia [all boosted also by massive mineral reserves, especially oil and coal]

- Size does matter

- But so do domestic politics and the relationship between settlers and the indigenous populations



Sequential divergence:

USA upwards from 1890

South Africa downwards from 1880

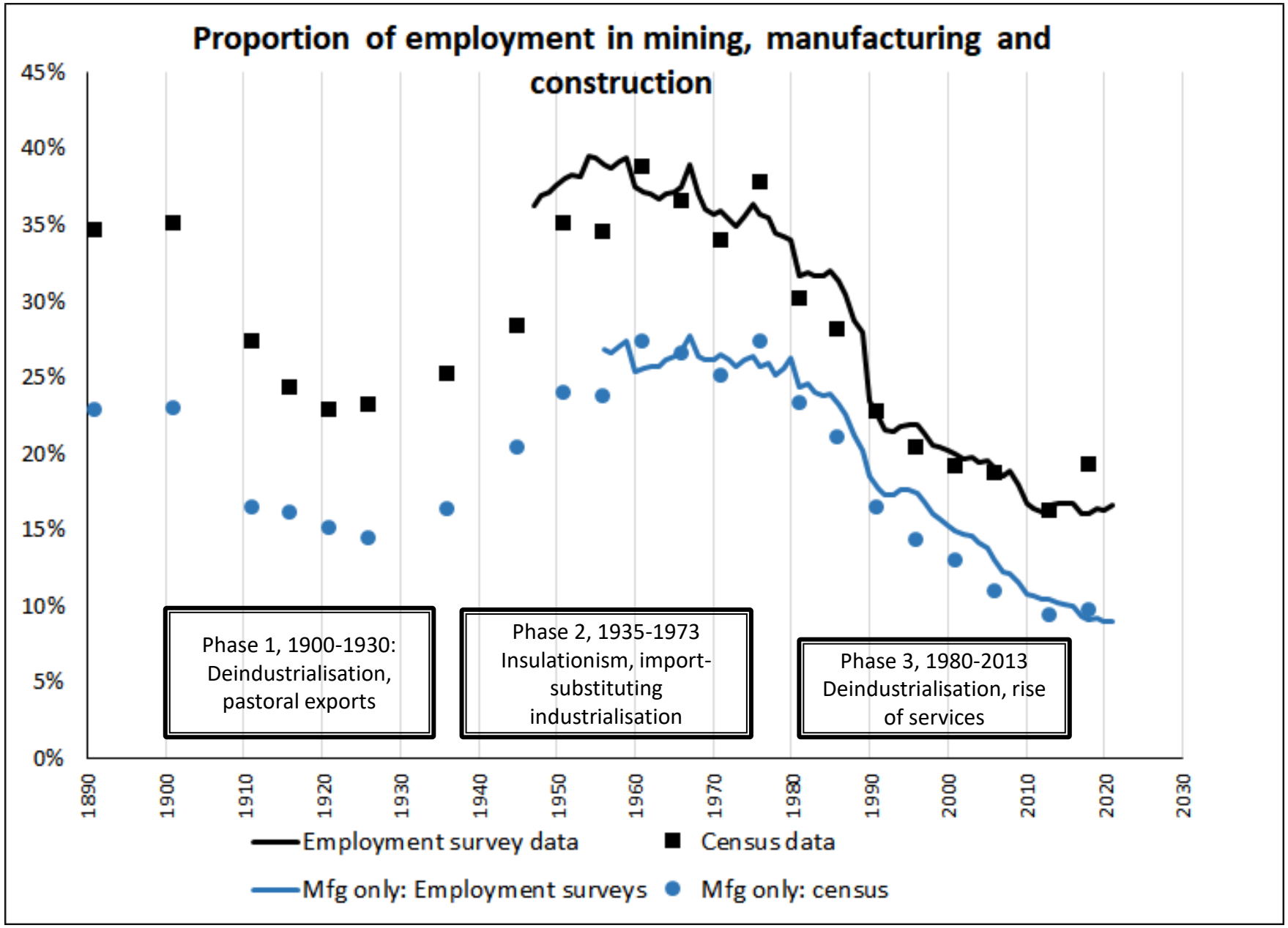
Argentina/Chile/Uruguay downwards from 1930, plus coups in 1976/1973/1973

New Zealand downwards from the other Anglos after 1975 (Oil Shock) and again from 1985 (Rogernomics)

IMPORTANT NOTE: THIS CHART IS ON A LOG SCALE – COMPARES GROWTH RATES

Source: Maddison Database 2020 at https://www.rug.nl/ggdc/historicaldevelopment/maddison/data/mpd2020.xlsx downloaded 3 August 2023

New Zealand did not sustain its mid-century industrial structure



Updated and revised version of Figure 1 in my 2009 *New Oxford History* chapter

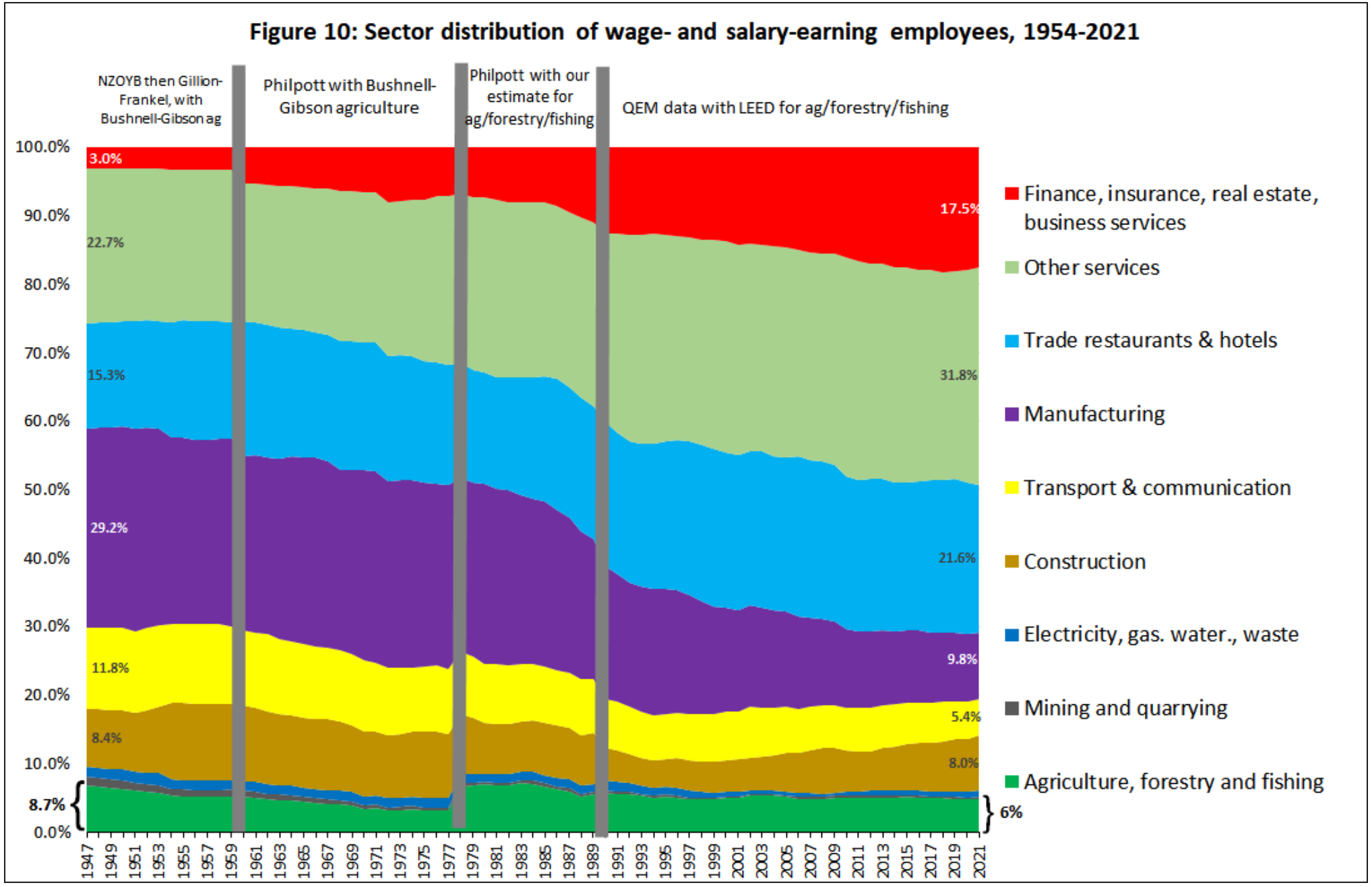


Figure 10: Sector distribution of wage- and salary-earning employees, 1954-2021
NZOYB then Gillion-Frankel, with Bushnell-Gibson ag
Philpott with Bushnell-Gibson agriculture
Philpott with our estimate for ag/forestry/fishing
QEM data with LEED for ag/forestry/fishing
100.0%
90.0%
80.0%
70.0%
60.0%
50.0%
40.0%
30.0%
20.0%
10.0%
0.0%
3.0%
22.7%
15.3%
29.2%
11.8%
8.4%
8.7%
17.5%
31.8%
21.6%
9.8%
5.4%
8.0%
6%
1947
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2005
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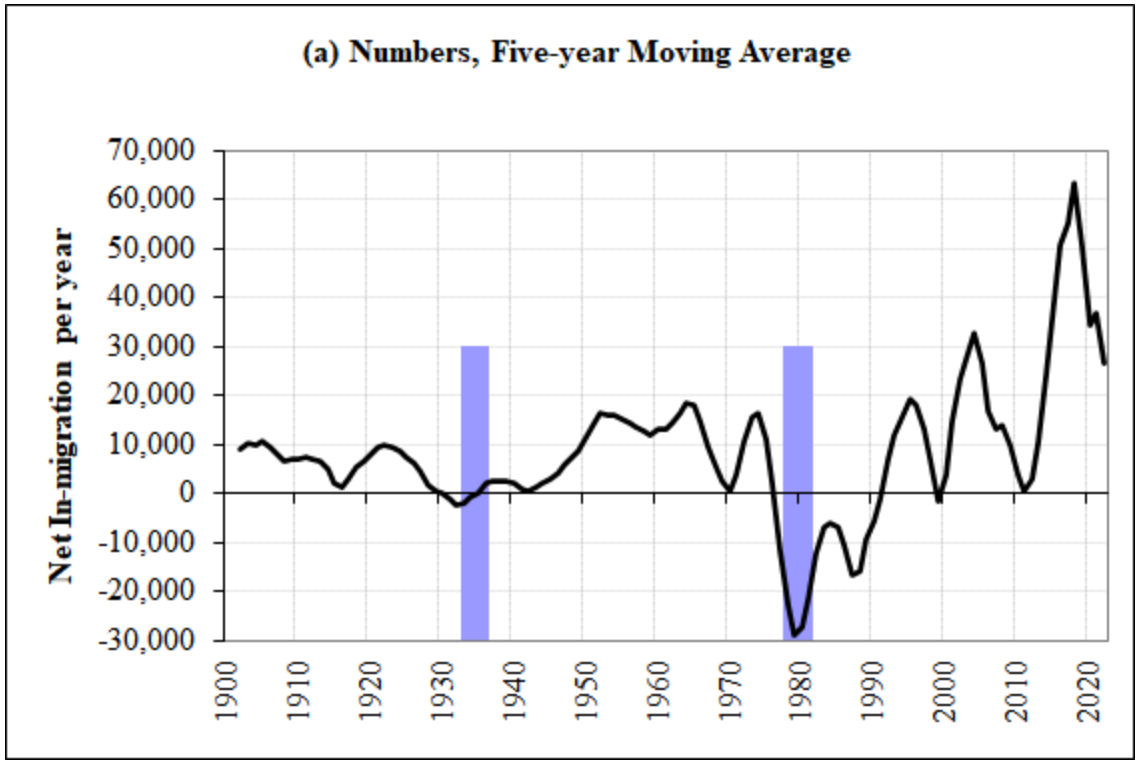
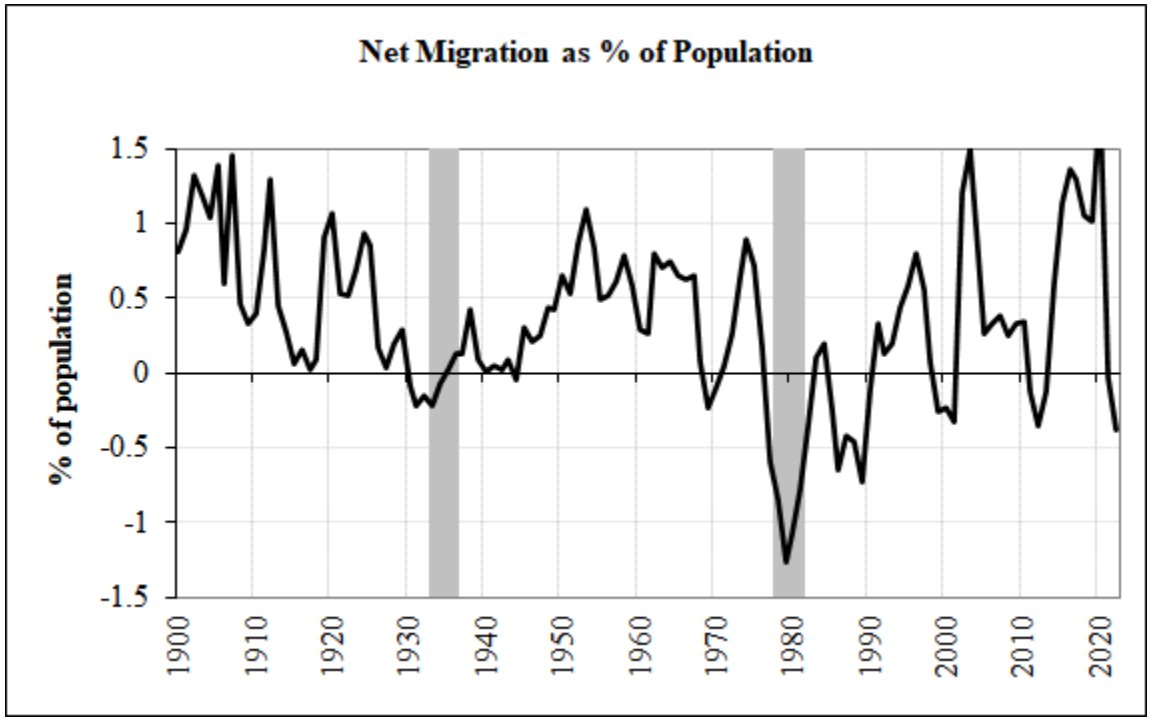
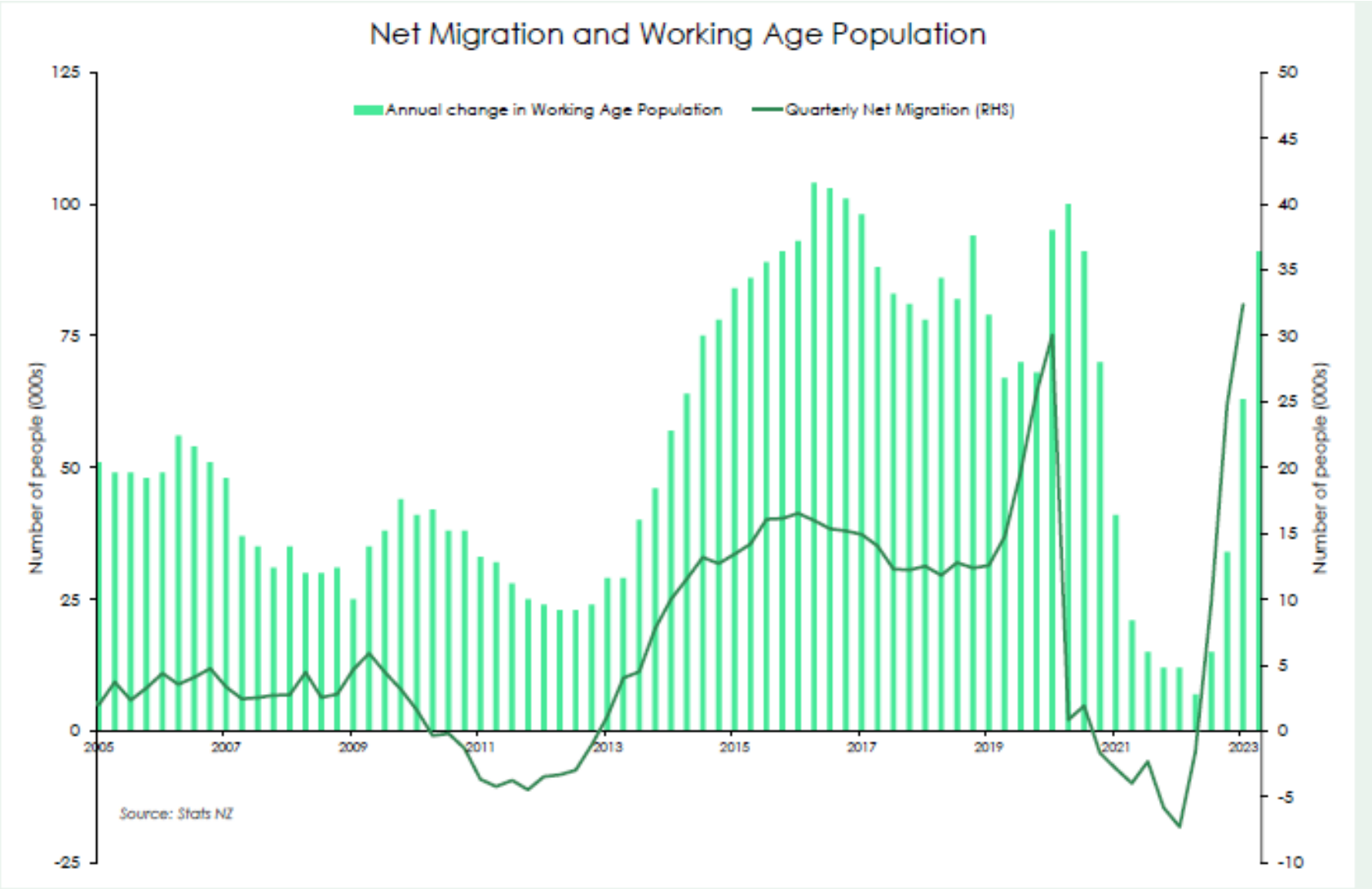
2009
2011
2013
2015
2017
2019
2021
Finance, insurance, real estate, business services
Other services
Trade restaurants & hotels
Manufacturing
Transport & communication
Construction
Electricity, gas. water., waste
Mining and quarrying
Agriculture, forestry and fishing

Following destruction of much human capital in the 1980s, skilled labour became increasingly scarce and dependence on migration increased


(a) Numbers, Five-year Moving Average
Net In-migration per year
70,000
60,000
50,000
40,000
30,000
20,000
10,000
0
-10,000
-20,000
-30,000
1900
1910
1920
1930
1940
1950
1960
1970
1980
1990
2000
2010
2020

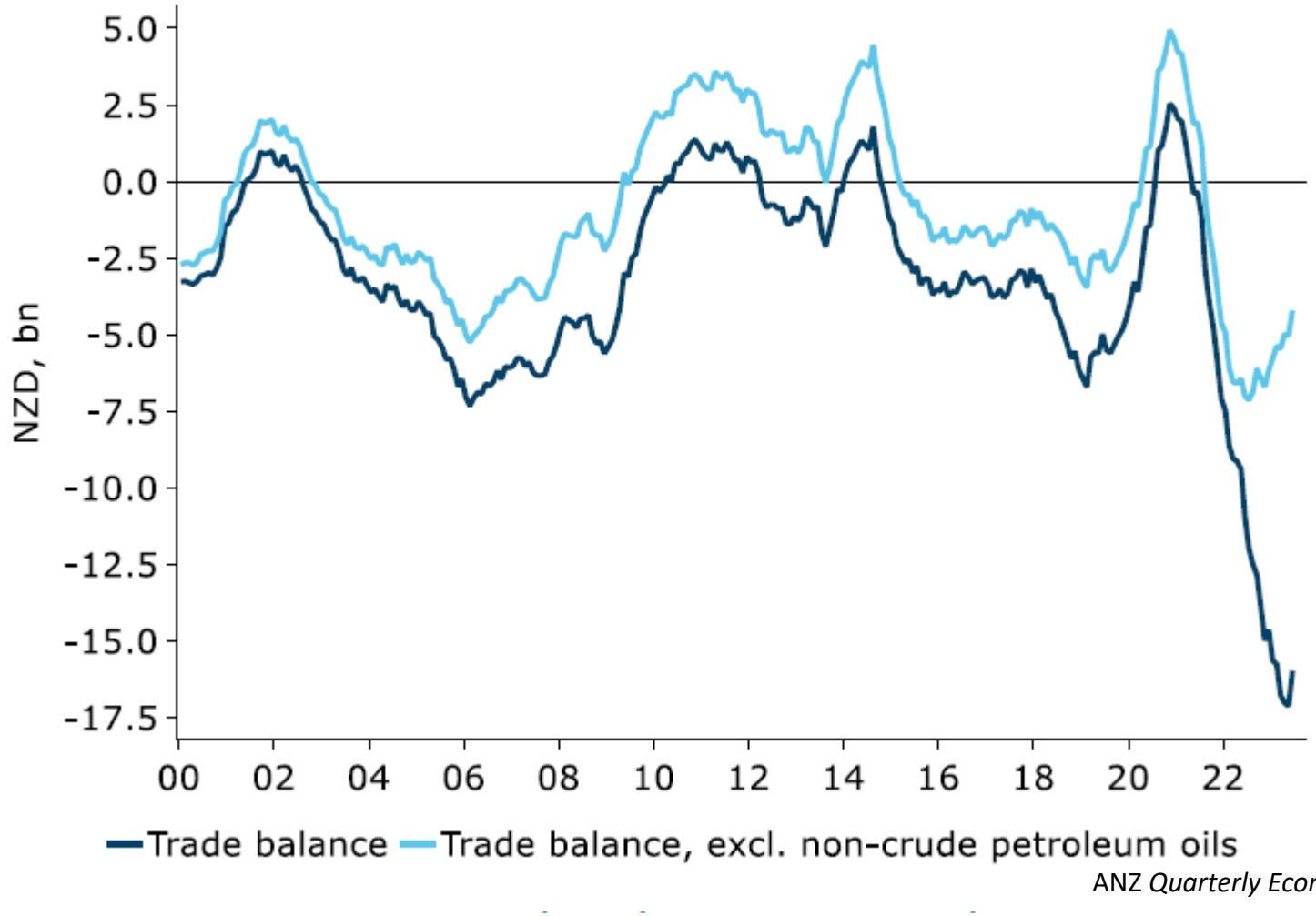

Net Migration as % of Population
% of population
1.5
1
0.5
0
-0.5
-1
-1.5
1900
1910
1920
1930
1940
1950
1960
1970
1980
1990
2000
2010
2020



Kiwibank *First View* 7 August 2023 p.2.

Latest bit of de-industrialization: losing the Marsden Point refinery made a big difference to the trade balance

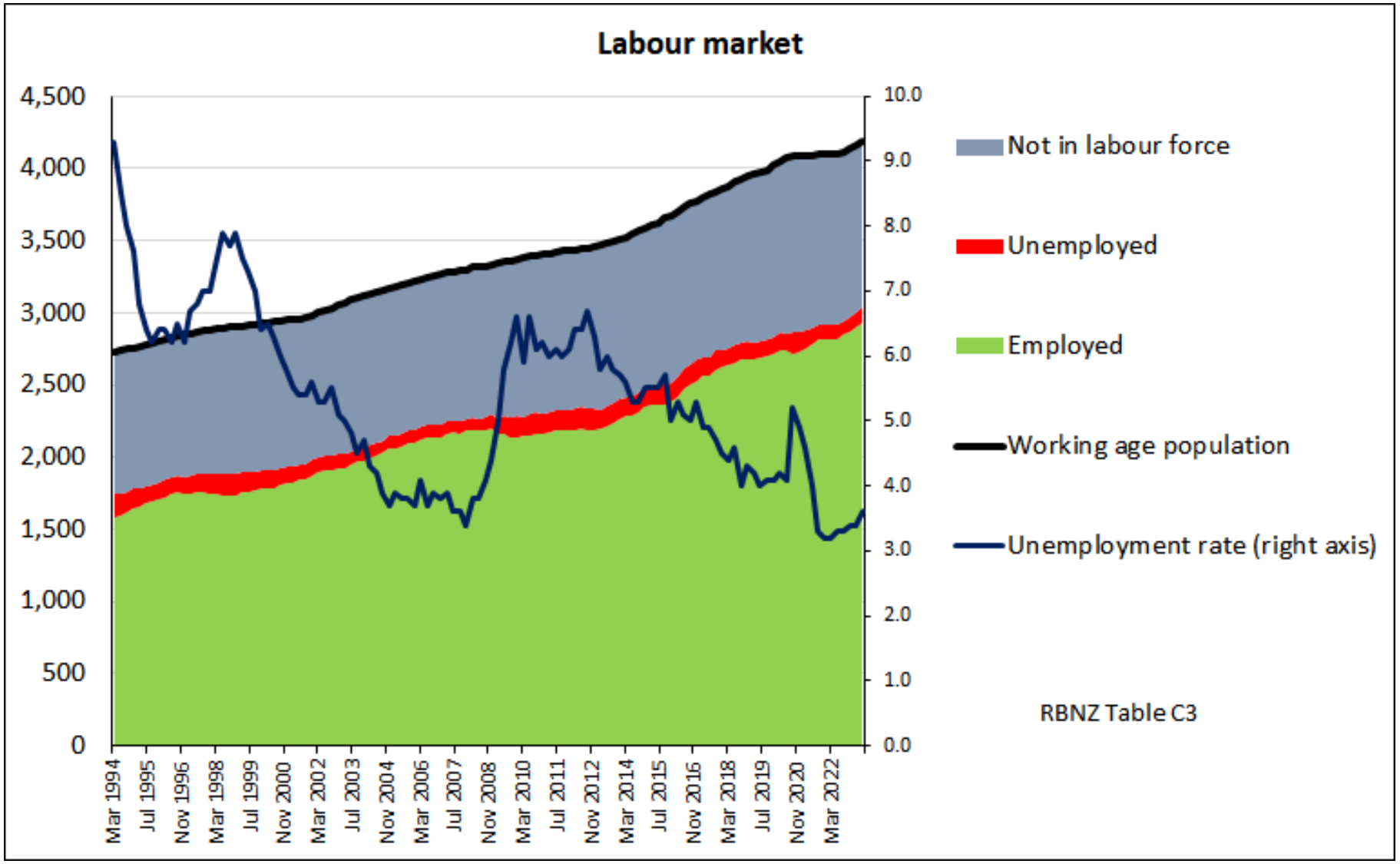
Figure 20. Merchandise trade balance



$10 billion gap has opened up

ANZ *Quarterly Economic Outlook* August 2023 p.11.

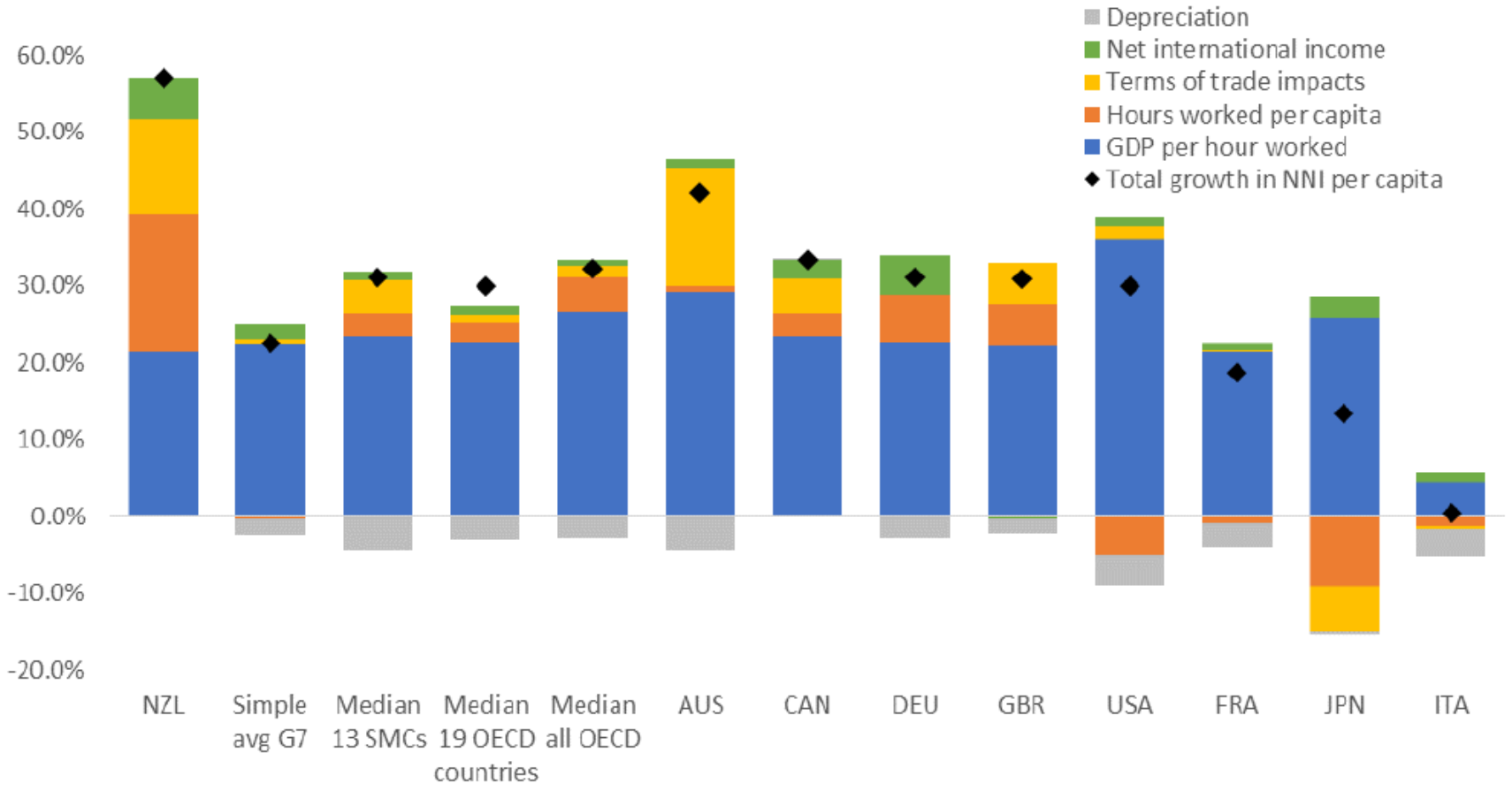
But unemployment has stayed low



In the past two decades rising average income has come less from productivity than from working longer hours and getting trade windfalls

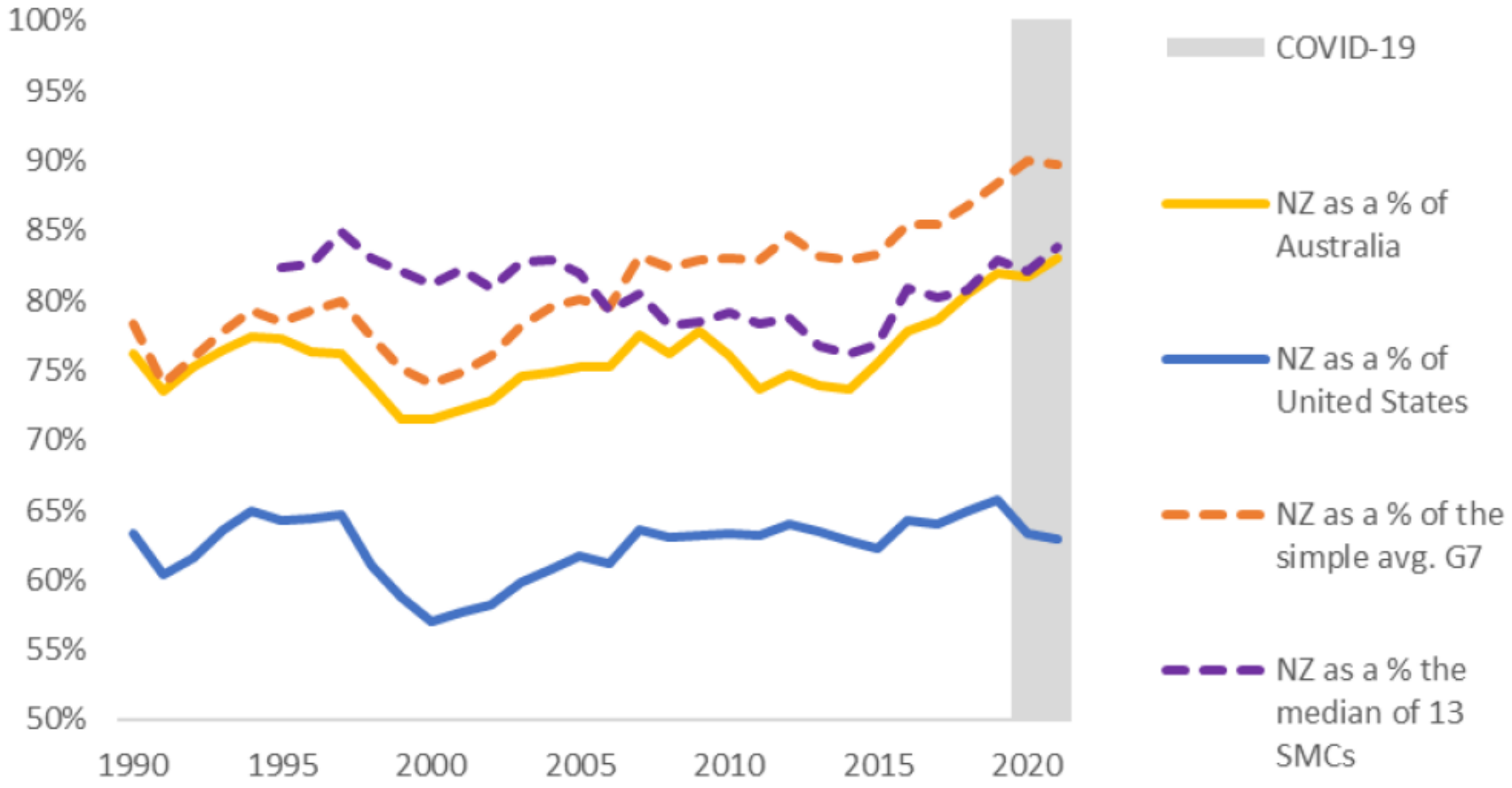
Figure 10: Contributions to growth in real NNI per capita from the 1995-2002 average to 2019

(a) New Zealand, group averages, Australia, and the G7



Matthew Galt, *Examining New Zealand's increased rate of income growth between the late 1990s and 2019* Treasury Analytical Note 23/04, June 2023, p.18.

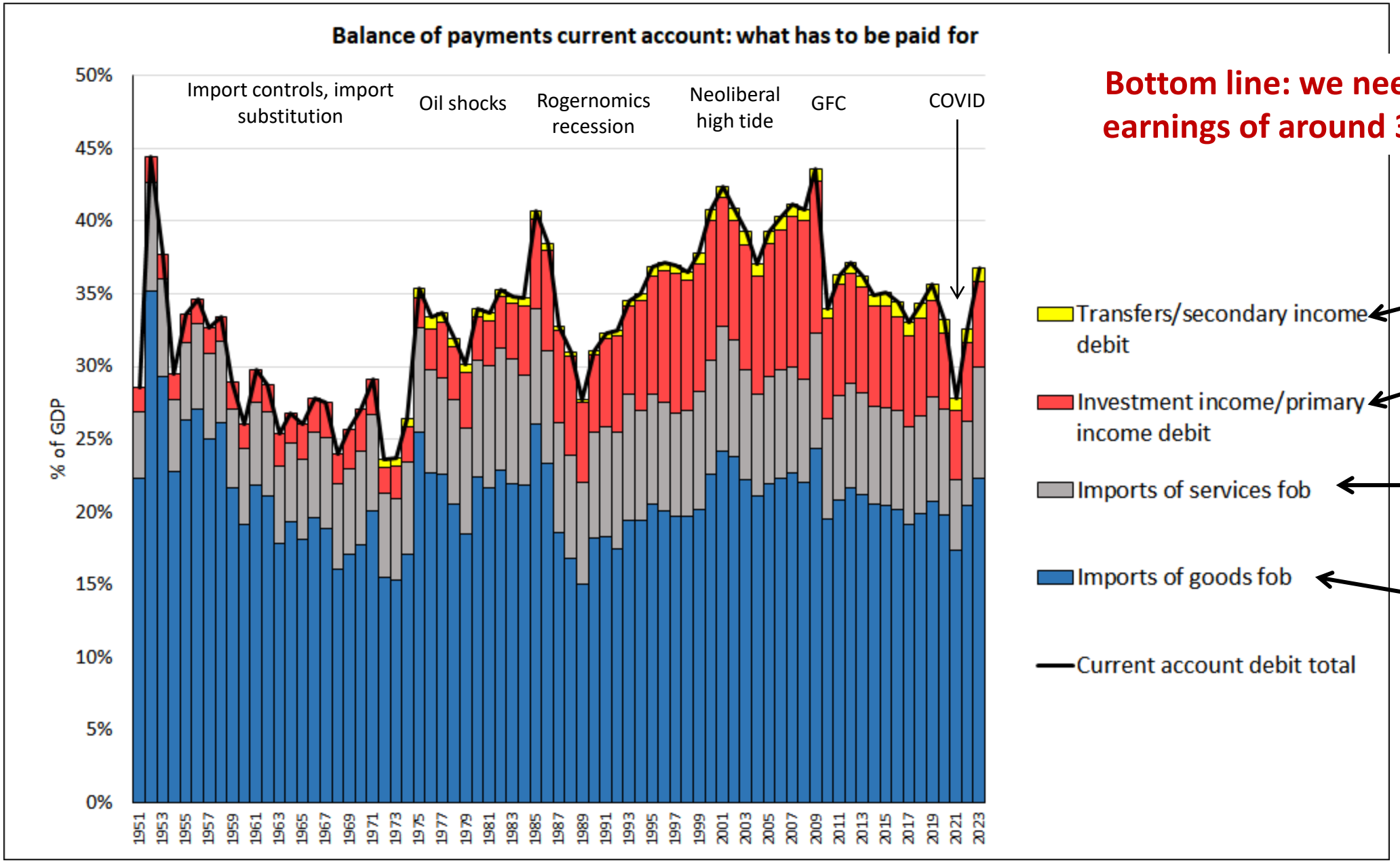
Figure 21: New Zealand's average annual wages for an FTE relative to other countries (constant 2021 prices and PPPs)



Source: OECD, author's calculations

Matthew Galt, *Examining New Zealand's increased rate of income growth between the late 1990s and 2019* Treasury Analytical Note 23/04, June 2023, p.31.

For a small open economy the eternal issue is how to pay for what it buys from the rest of the world
=> balance of payments is crucial



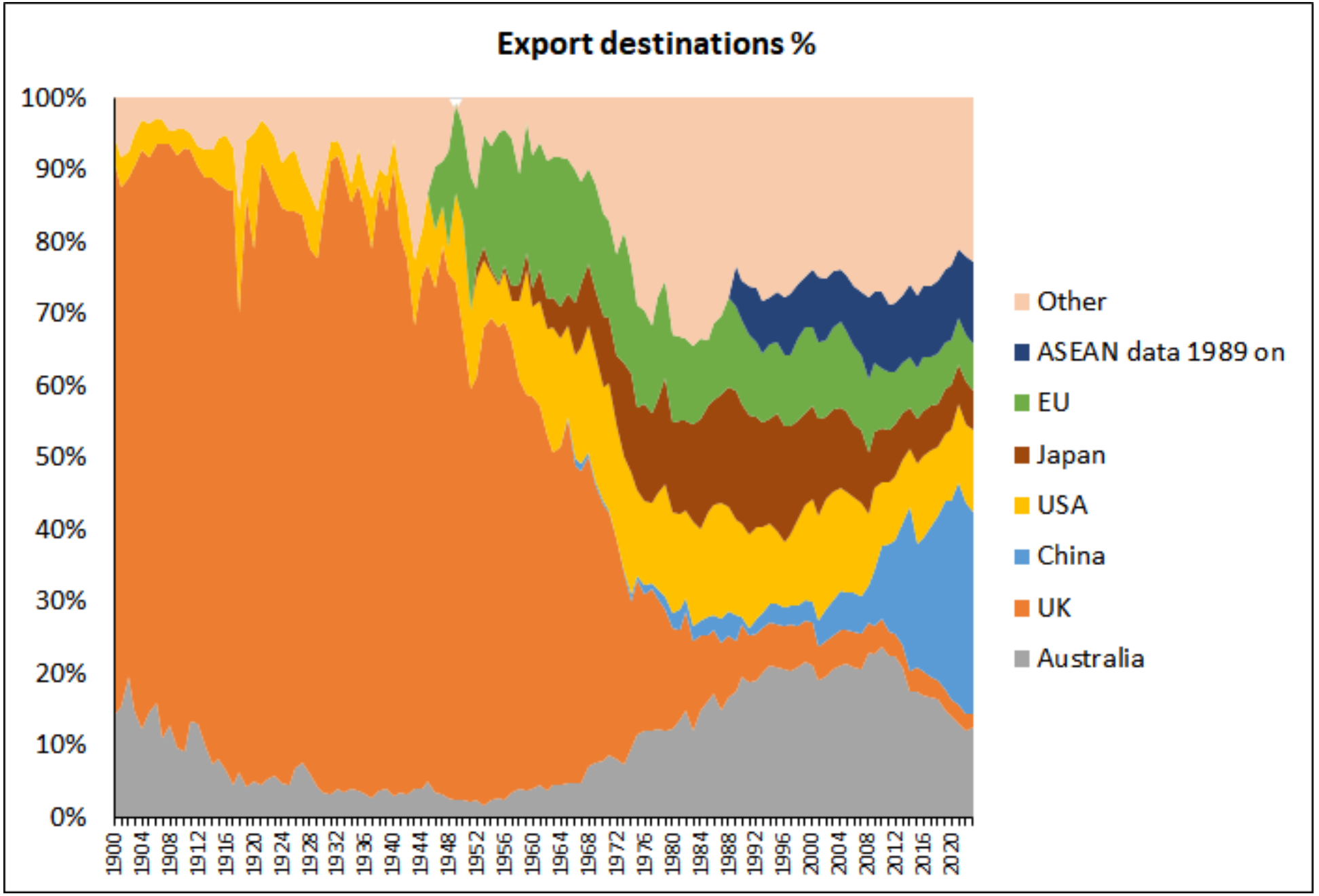
Bottom line: we need overseas earnings of around 35% of GDP

1% or less

<2% 1951; 11% in 2008; now 5%

Average 7%, rose from 2% in 1951 to peak of 10% 2002-2003, now just under 8%

Fairly steady 21% ± 5%


Export destinations %
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
1900
1904
1908
1912
1916
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1936
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1952
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1968
1972
1976
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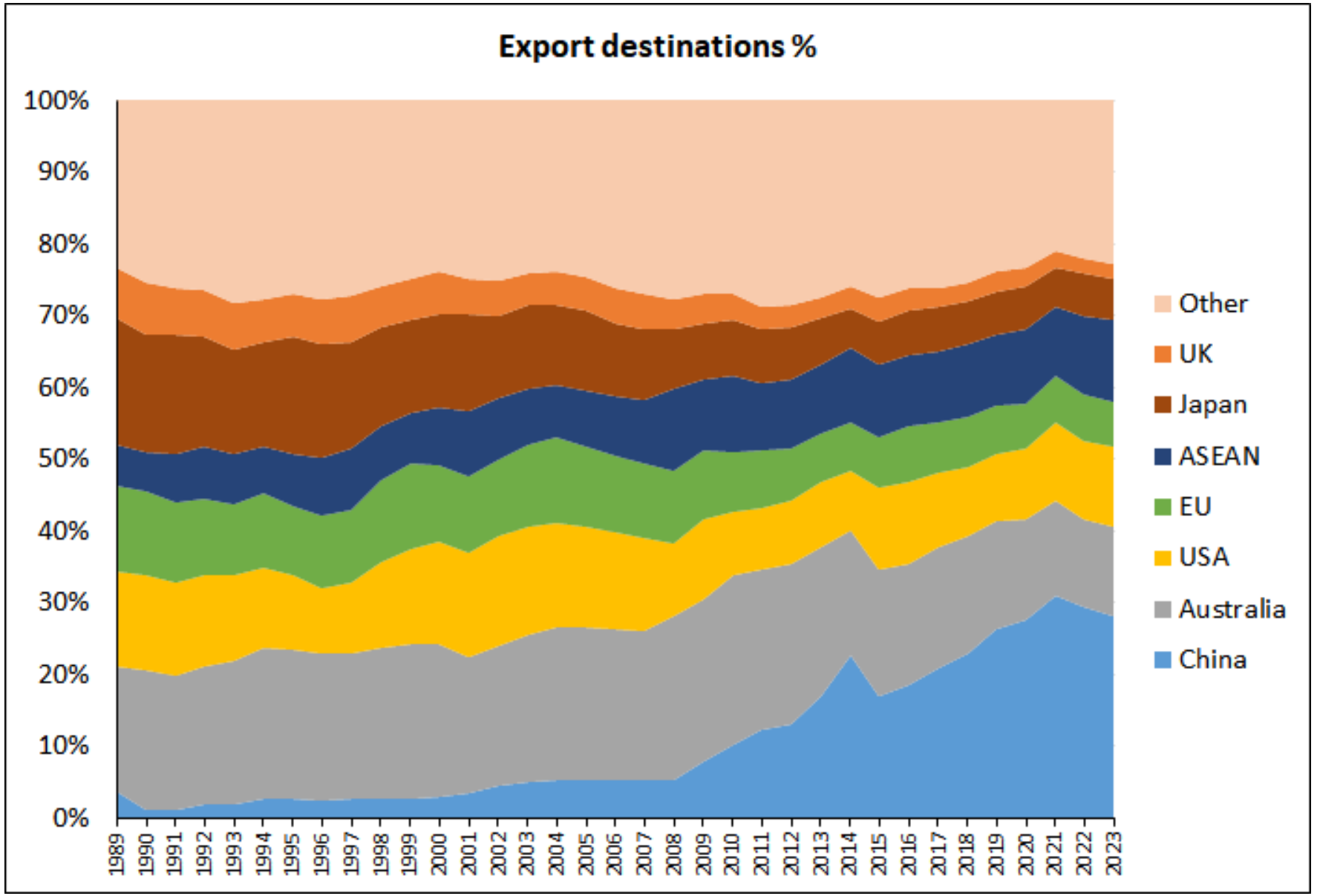
2012
2016
2020
Other
ASEAN data 1989 on
EU
Japan
USA
China
UK
Australia


Export destinations %
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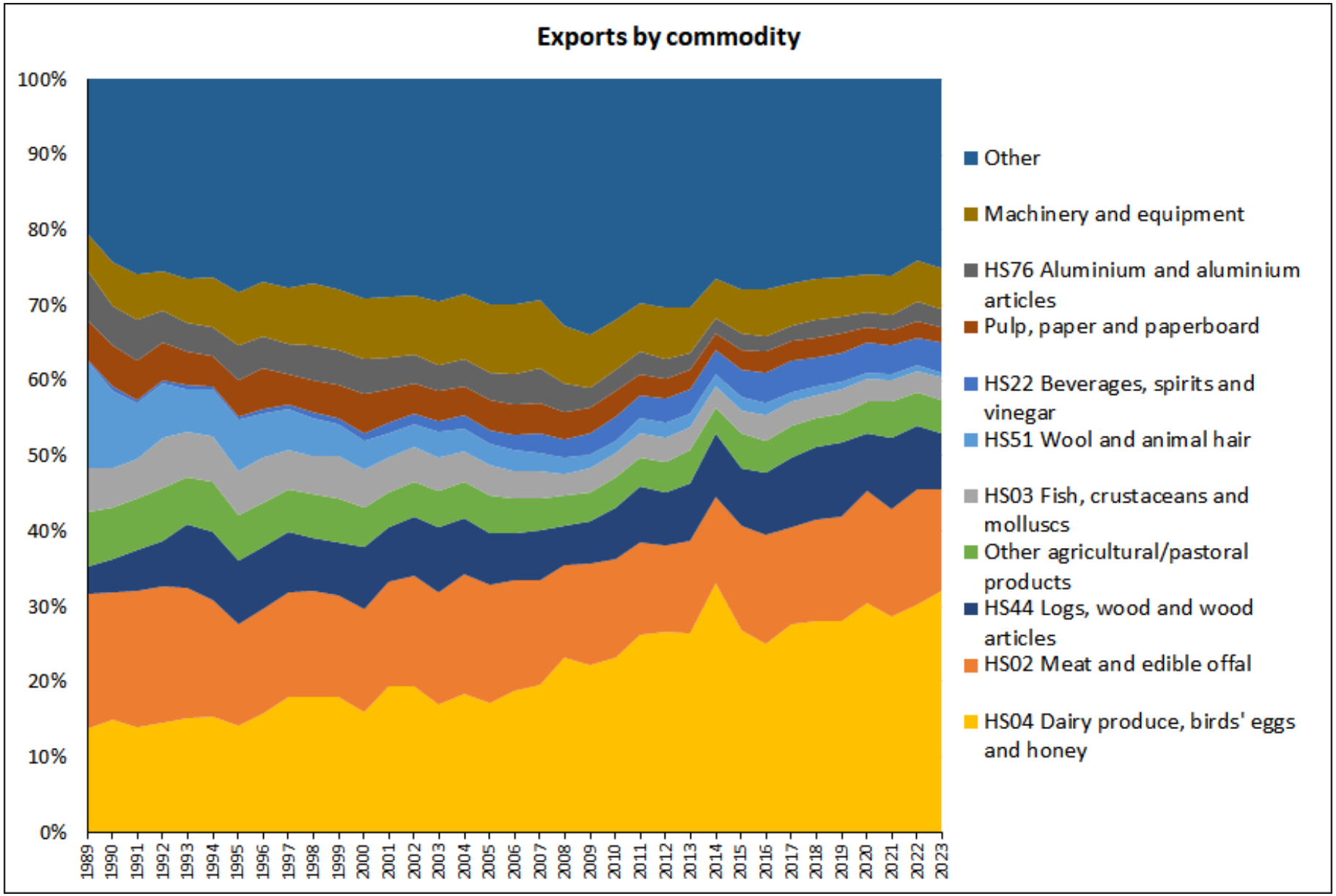
USA
Australia
China


Exports by commodity
100%
90%
80%
70%
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50%
40%
30%
20%
10%
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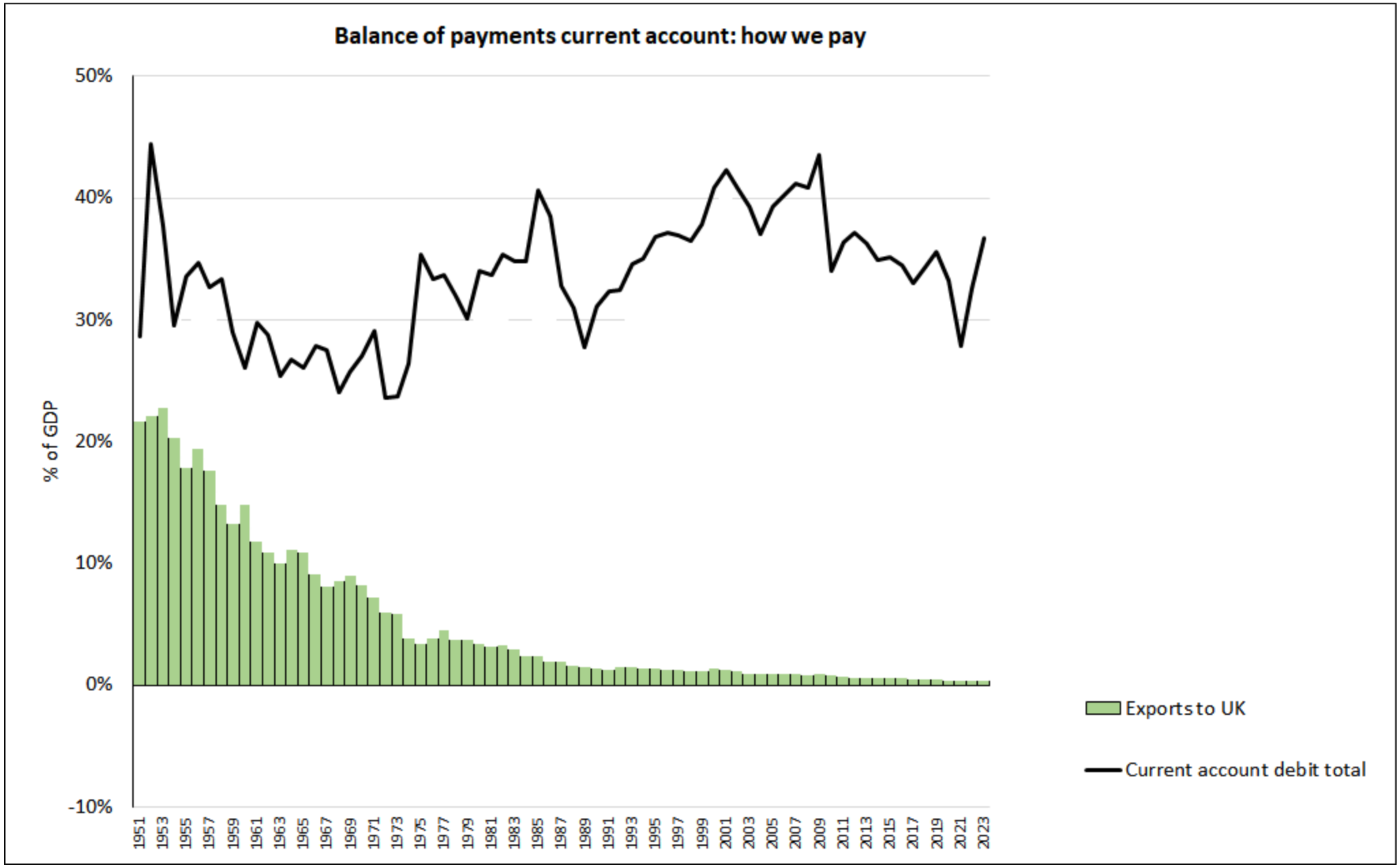
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
Other
Machinery and equipment
HS76 Aluminium and aluminium articles
Pulp, paper and paperboard
HS22 Beverages, spirits and vinegar
HS51 Wool and animal hair
HS03 Fish, crustaceans and molluscs
Other agricultural/pastoral products
HS44 Logs, wood and wood articles
HS02 Meat and edible offal
HS04 Dairy produce, birds' eggs and honey


Balance of payments current account: how we pay
50%
40%
30%
20%
10%
0%
-10%
% of GDP
1951
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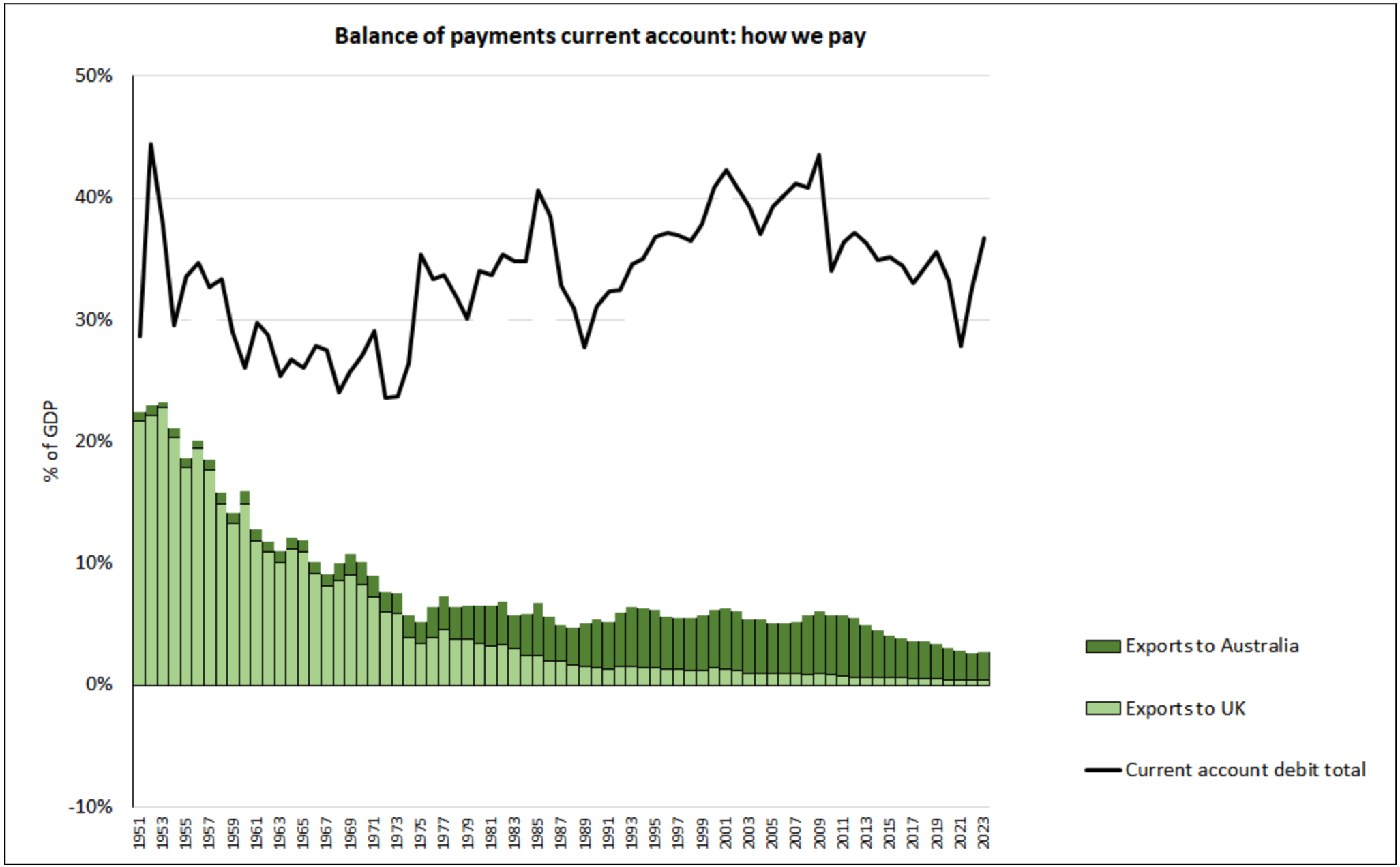
2023
Exports to UK
Current account debit total


Balance of payments current account: how we pay
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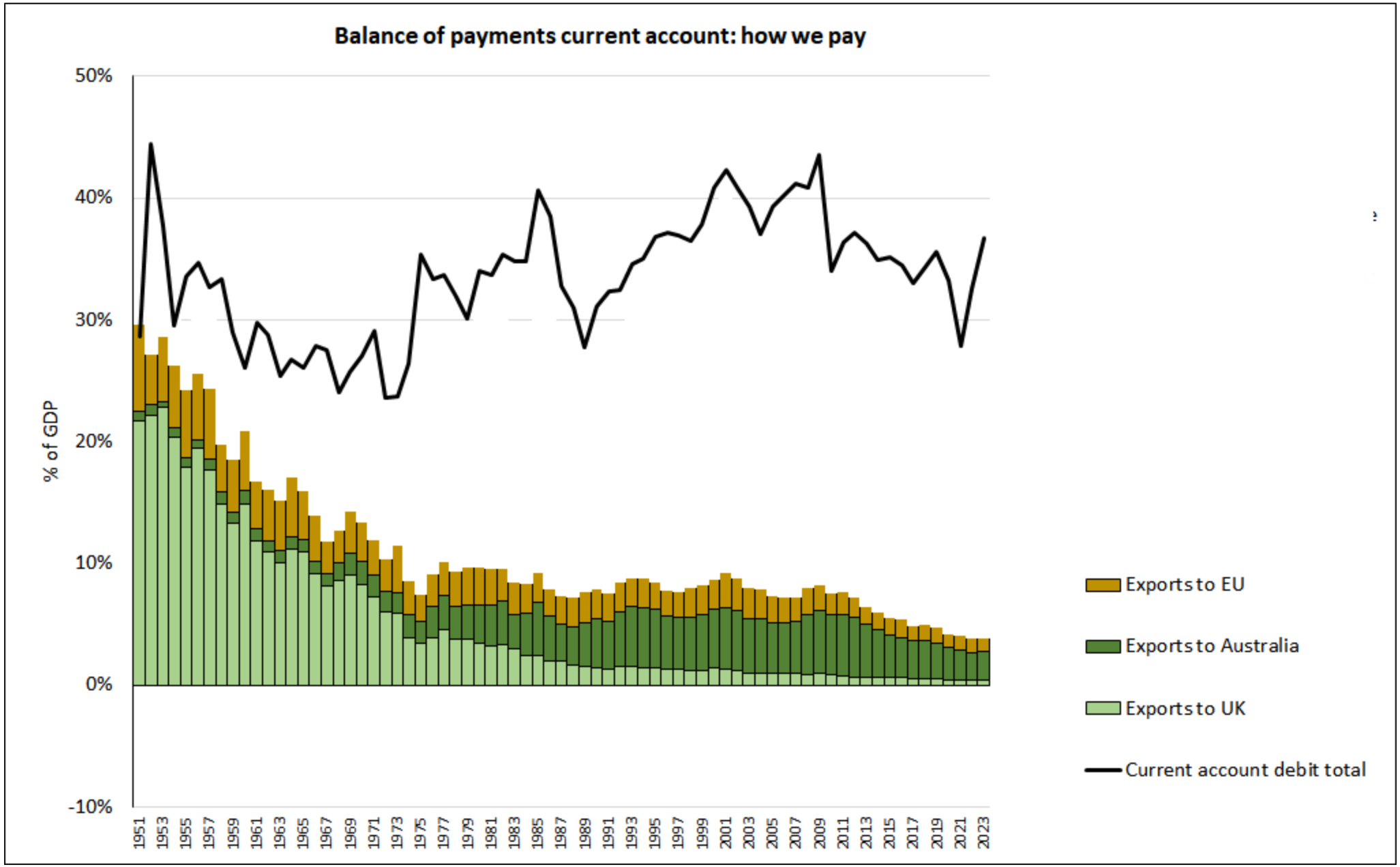
Exports to Australia
Exports to UK
Current account debit total


Balance of payments current account: how we pay
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30%
20%
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0%
-10%
% of GDP
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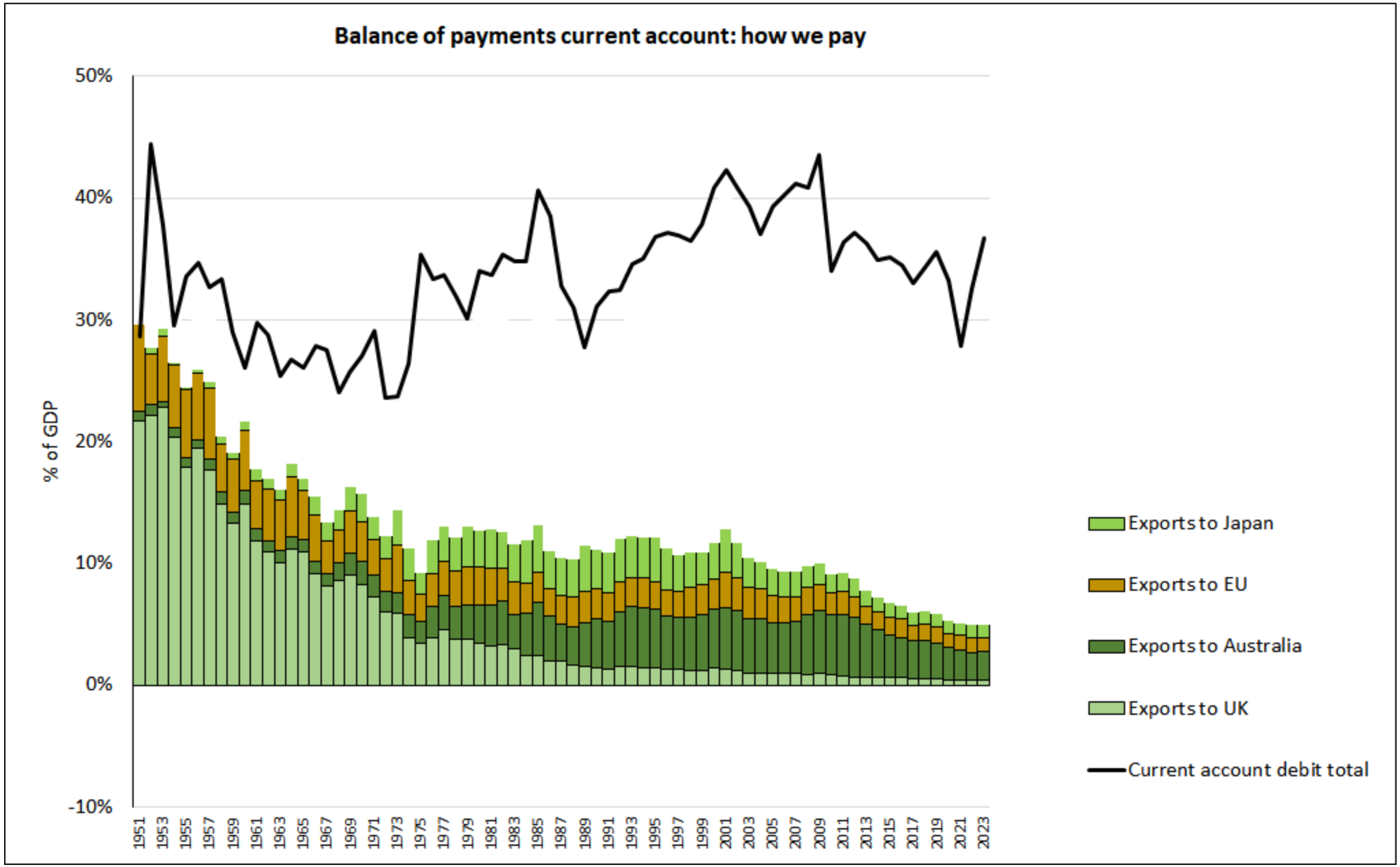
2023
Exports to EU
Exports to Australia
Exports to UK
Current account debit total


Balance of payments current account: how we pay
50%
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30%
20%
10%
0%
-10%
% of GDP
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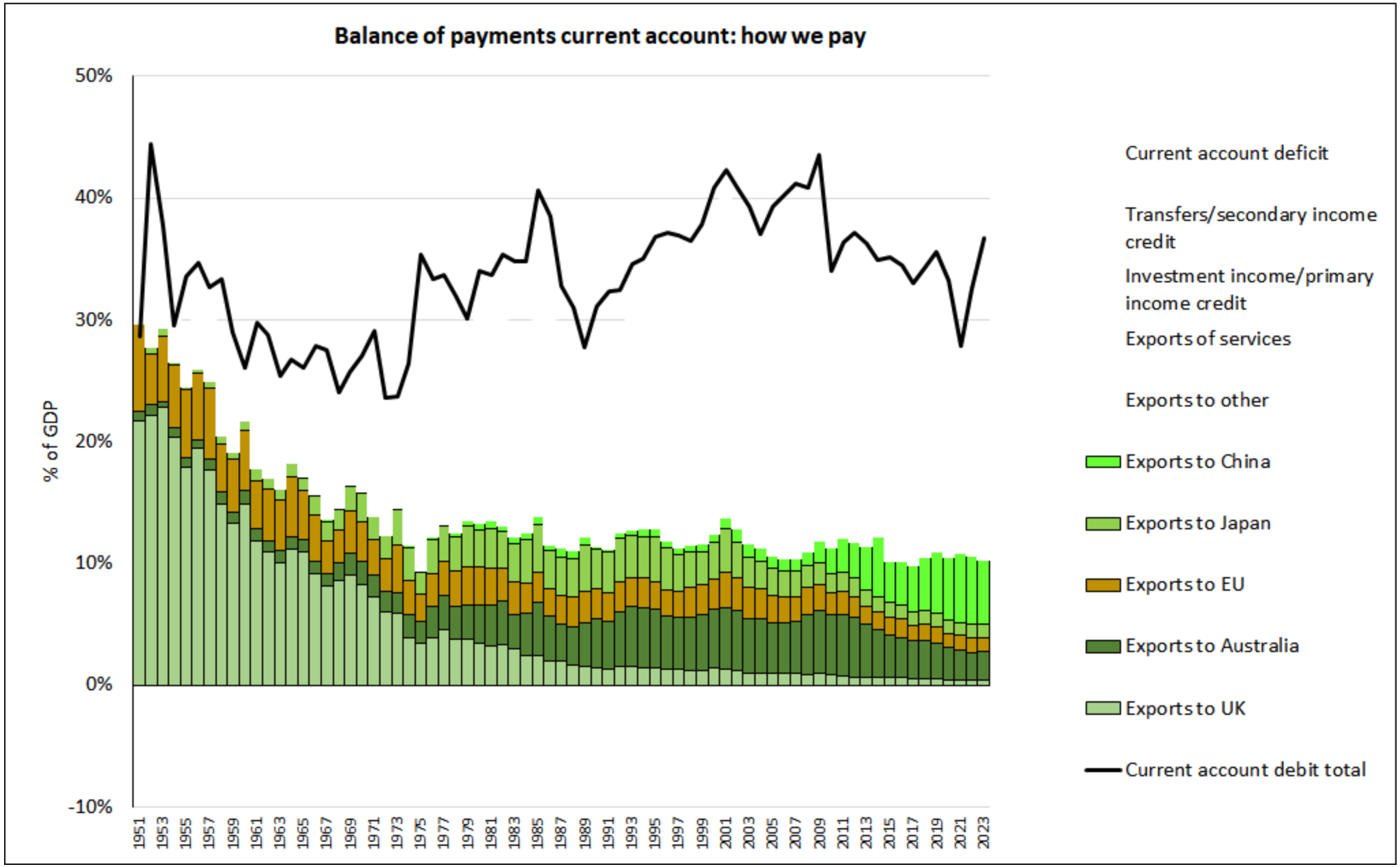
2019
2021
2023
Exports to Japan
Exports to EU
Exports to Australia
Exports to UK
Current account debit total


Balance of payments current account: how we pay
50%
40%
30%
20%
10%
0%
-10%
% of GDP
1951
1953
1955
1957
1959
1961
1963
1965
1967
1969
1971
1973
1975
1977
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1981
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1985
1987
1989
1991
1993
1995
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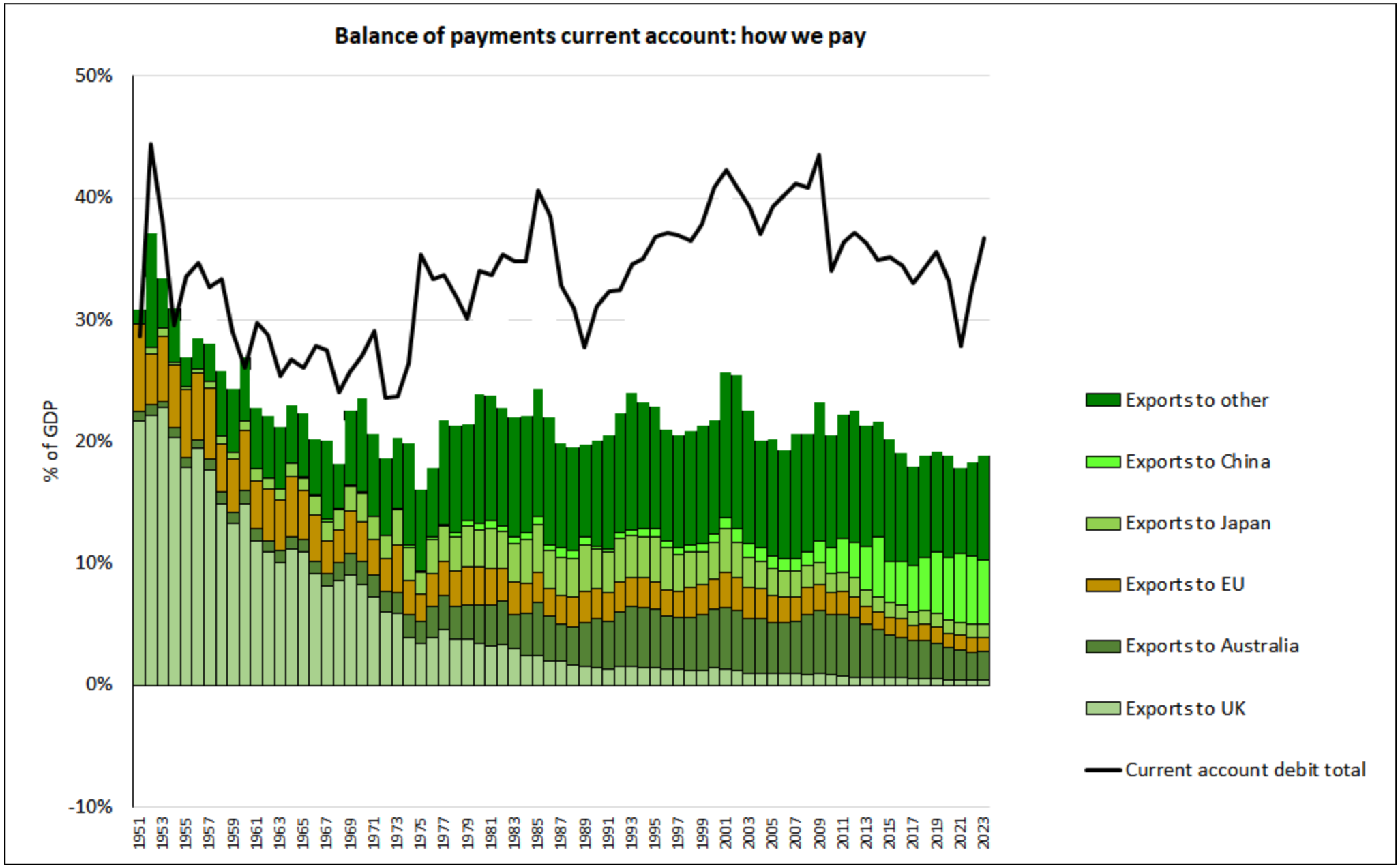
1999
2001
2003
2005
2007
2009
2011
2013
2015
2017
2019
2021
2023
Current account deficit
Transfers/secondary income credit
Investment income/primary income credit
Exports of services
Exports to other
Exports to China
Exports to Japan
Exports to EU
Exports to Australia
Exports to UK
Current account debit total


Balance of payments current account: how we pay
50%
40%
30%
20%
10%
0%
-10%
% of GDP
1951
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1959
1961
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1987
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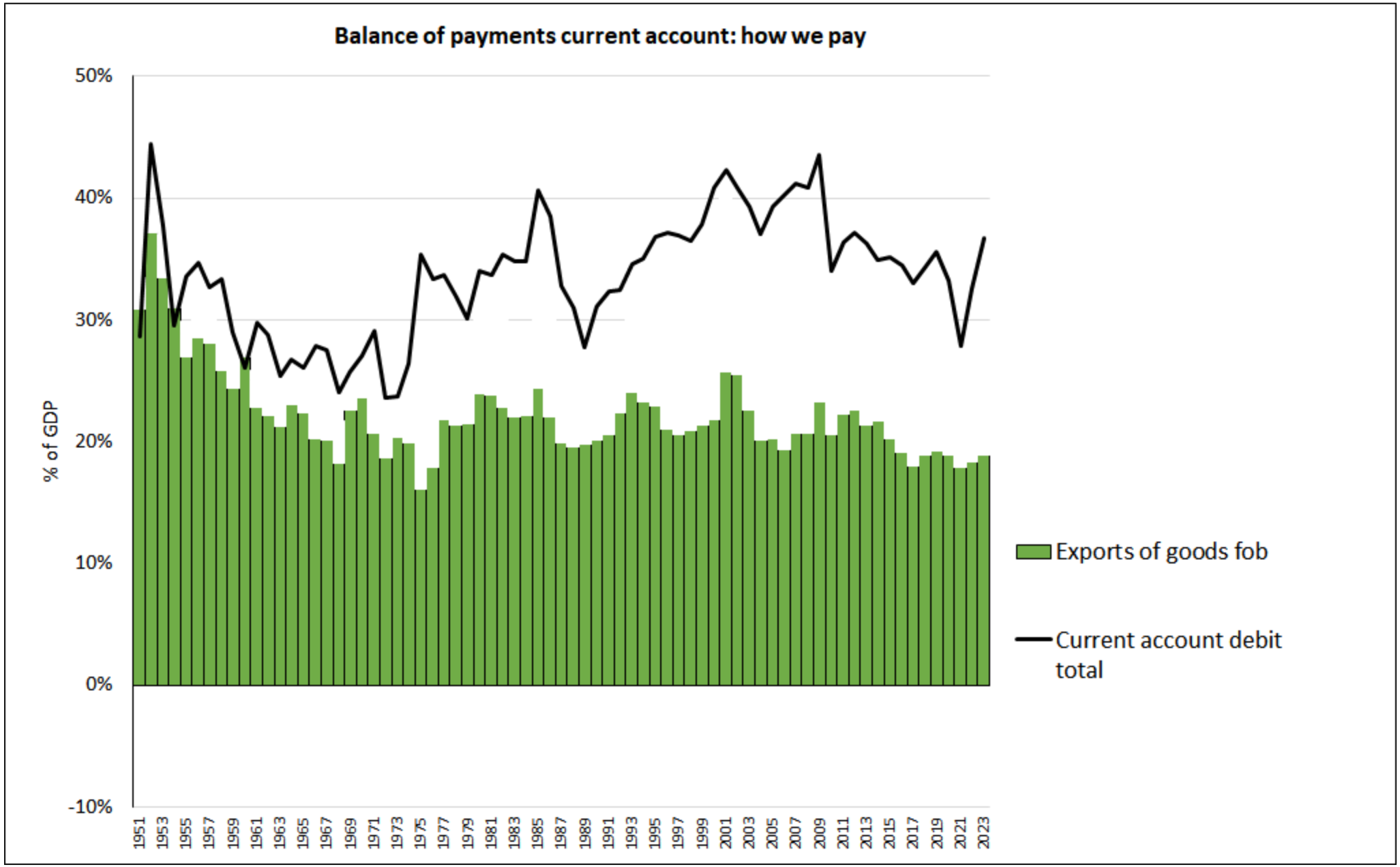
2003
2005
2007
2009
2011
2013
2015
2017
2019
2021
2023
Exports to other
Exports to China
Exports to Japan
Exports to EU
Exports to Australia
Exports to UK
Current account debit total


Balance of payments current account: how we pay
50%
40%
30%
20%
10%
0%
-10%
% of GDP
1951
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2007
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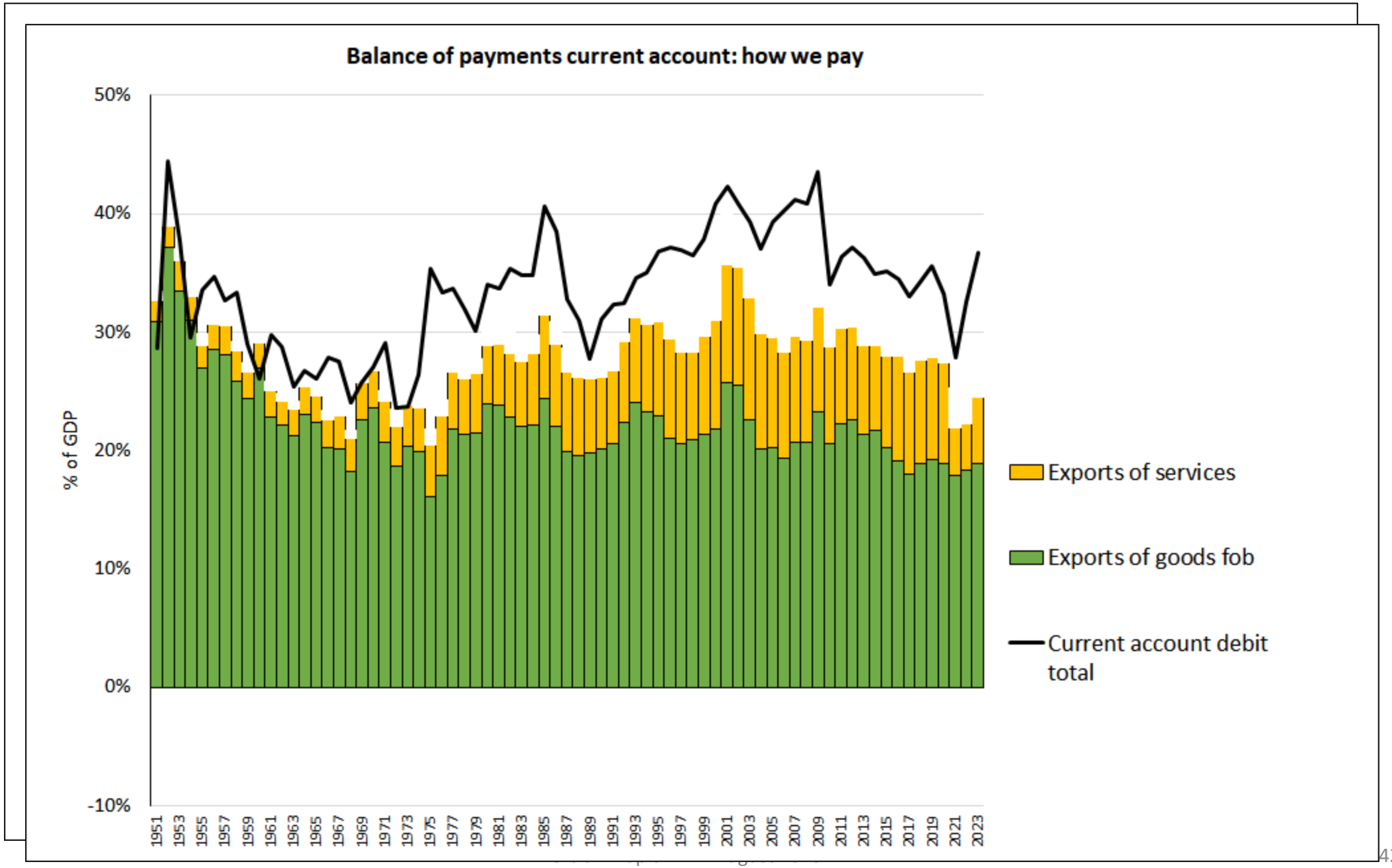
2011
2013
2015
2017
2019
2021
2023
Exports of goods fob
Current account debit total


Balance of payments current account: how we pay
50%
40%
30%
20%
10%
0%
-10%
% of GDP
1951
1953
1955
1957
1959
1961
1963
1965
1967
1969
1971
1973
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1985
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1991
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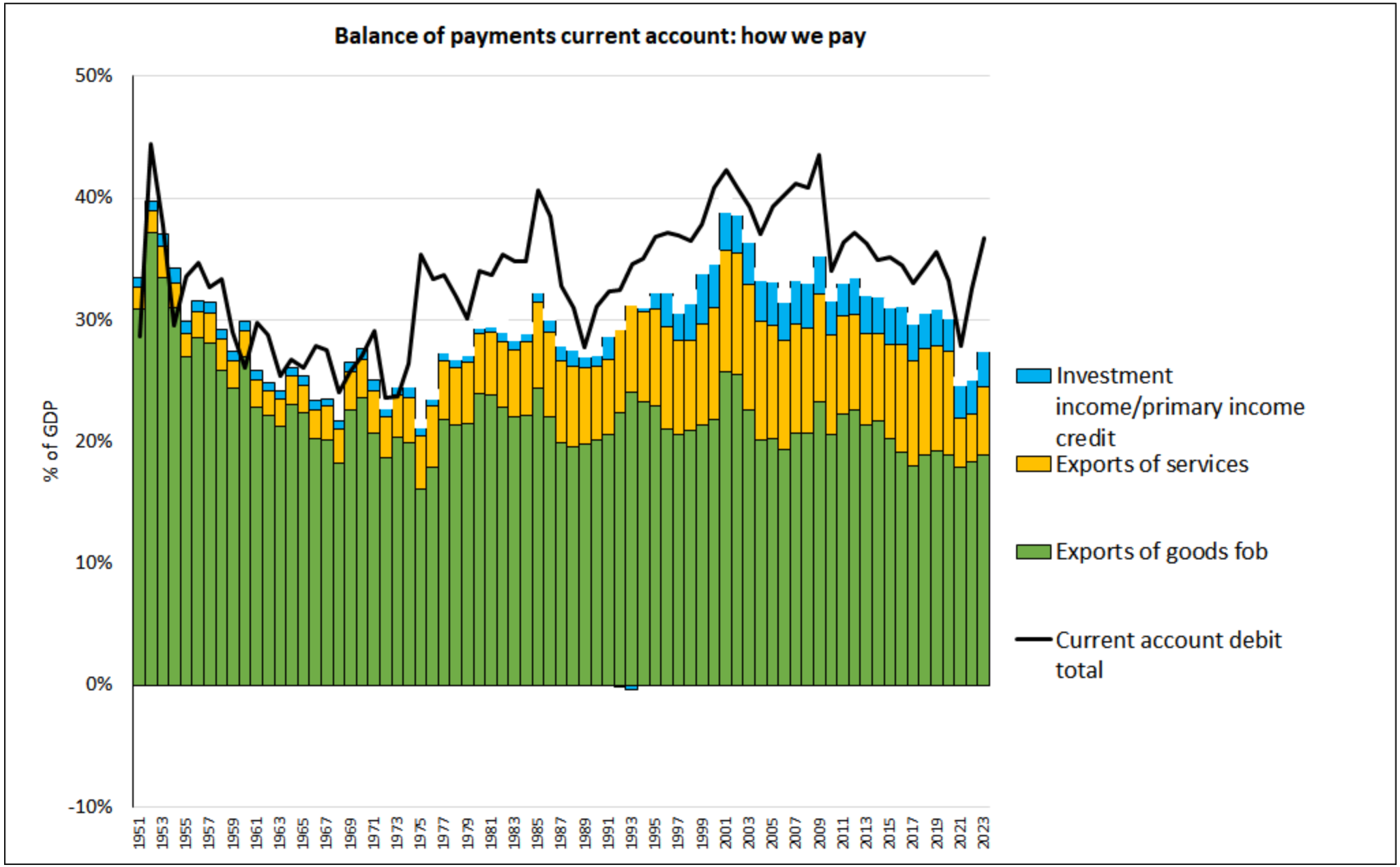
2011
2013
2015
2017
2019
2021
2023
Exports of services
Exports of goods fob
Current account debit total


Balance of payments current account: how we pay
50%
40%
30%
20%
10%
0%
-10%
% of GDP
1951
1953
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1961
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1967
1969
1971
1973
1975
1977
1979
1981
1983
1985
1987
1989
1991
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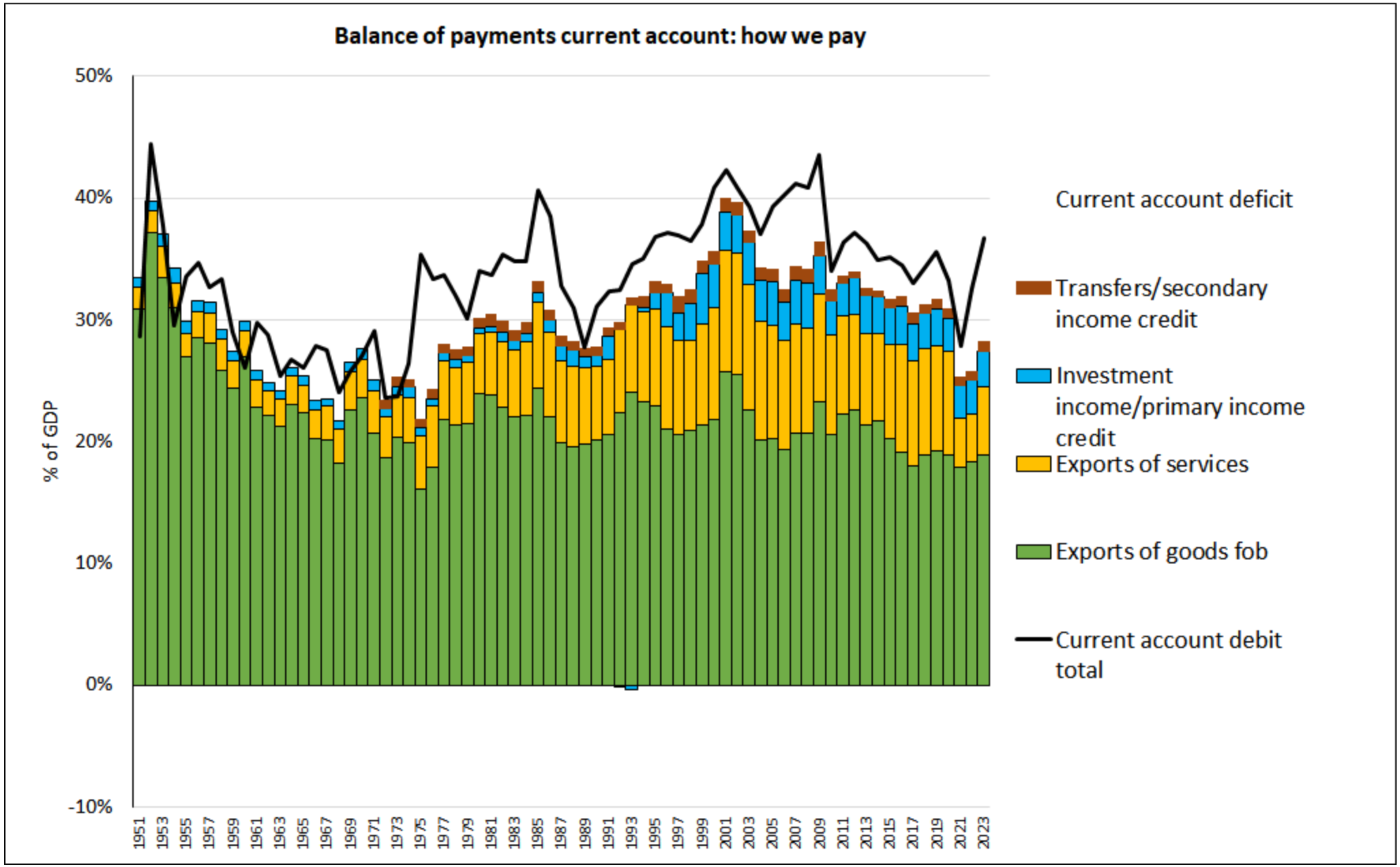
2011
2013
2015
2017
2019
2021
2023
Investment income/primary income credit
Exports of services
Exports of goods fob
Current account debit total


Balance of payments current account: how we pay
50%
40%
30%
20%
10%
0%
-10%
% of GDP
1951
1953
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1959
1961
1963
1965
1967
1969
1971
1973
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1997
1999
2001
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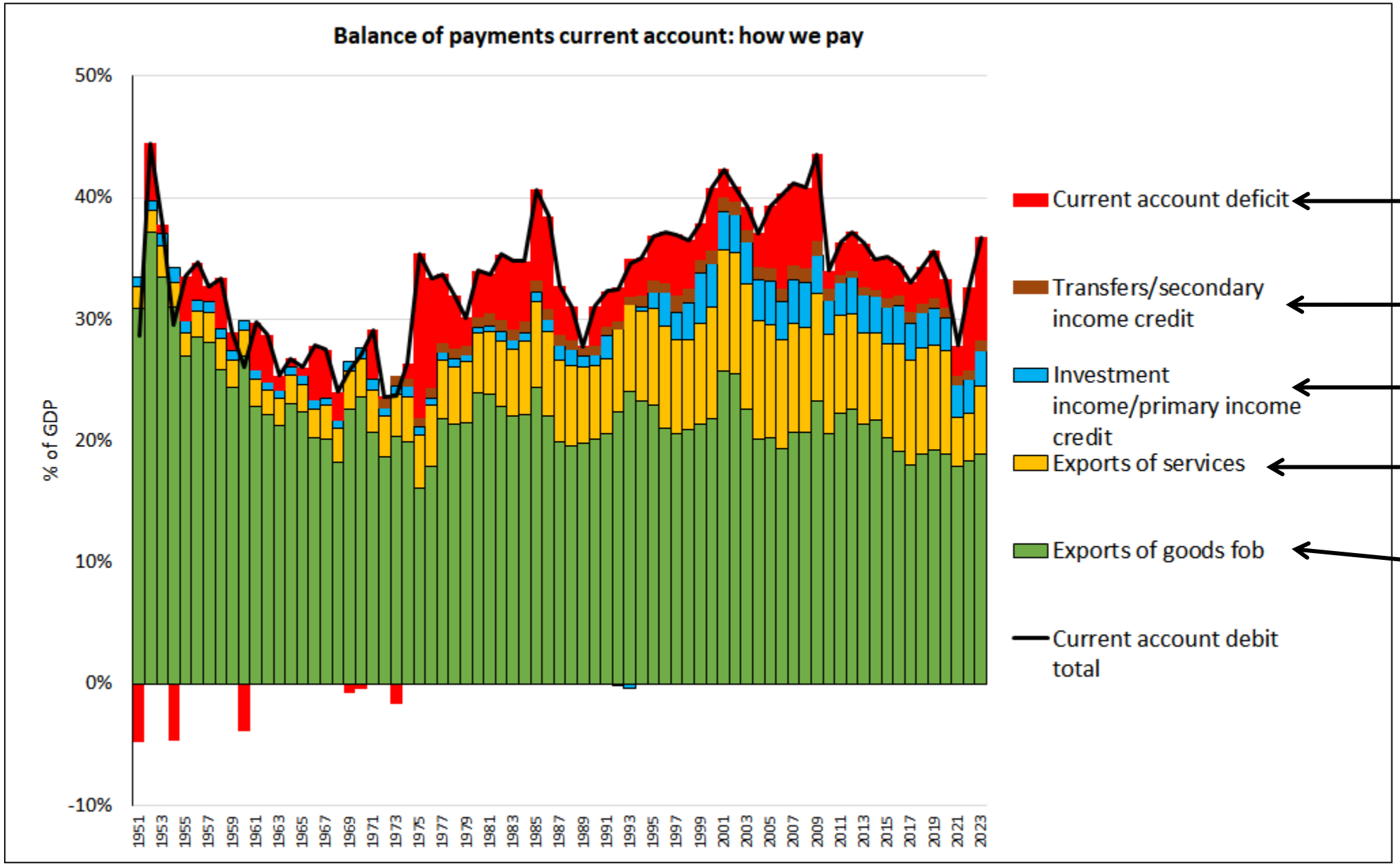
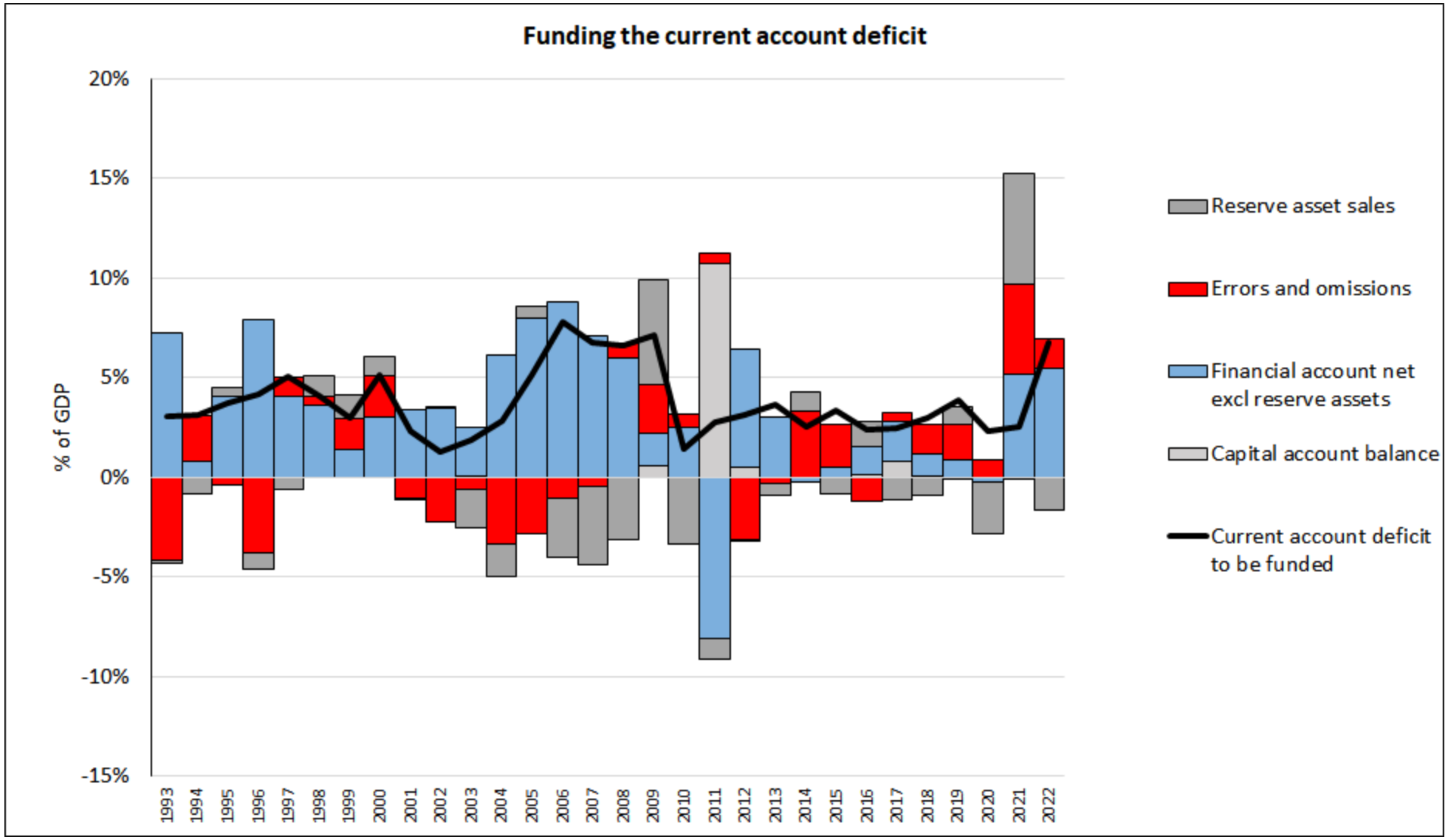
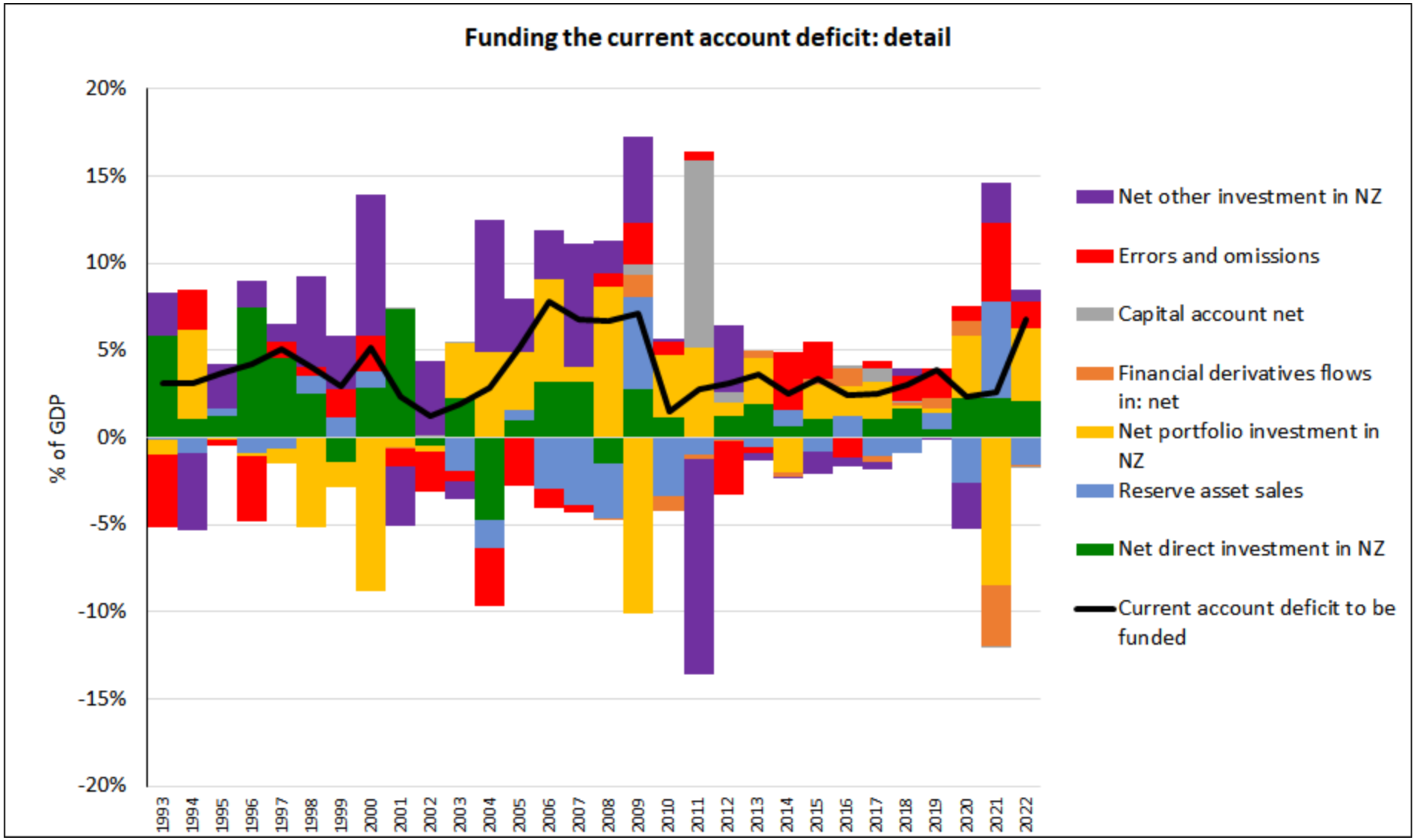
2005
2007
2009
2011
2013
2015
2017
2019
2021
2023
Current account deficit
Transfers/secondary income credit
Investment income/primary income credit
Exports of services
Exports of goods fob
Current account debit total


Balance of payments current account: how we pay
50%
40%
30%
20%
10%
0%
-10%
% of GDP
1951
1953
1955
1957
1959
1961
1963
1965
1967
1969
1971
1973
1975
1977
1979
1981
1983
1985
1987
1989
1991
1993
1995
1997
1999
2001
2003
2005
2007
2009
2011
2013
2015
2017
2019
2021
2023
Current account deficit
Transfers/secondary income credit
Investment income/primary income credit
Exports of services
Exports of goods fob
Current account debit total
Average 3.3%. 13.6% in 1975; 8% in 2006; 9% in March year 2023
Under 1%
Never more than 4%; currently around 3%
2-3% till 1970s; 10% by 2001; 9% in 2020; 6% in 2023
Around 20% of GDP since 1965


Funding the current account deficit
20%
15%
10%
5%
0%
-5%
-10%
-15%
% of GDP
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
Reserve asset sales
Errors and omissions
Financial account net excl reserve assets
Capital account balance
Current account deficit to be funded


Funding the current account deficit: detail
20%
15%
10%
5%
0%
-5%
-10%
-15%
-20%
% of GDP
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
Net other investment in NZ
Errors and omissions
Capital account net
Financial derivatives flows in: net
Net portfolio investment in NZ
Reserve asset sales
Net direct investment in NZ
Current account deficit to be funded

Two ways to think about the current account deficit

1. The balance of flows of current spending in the economy: imports and exports of goods and services plus investment income and transfers
2. The balance of asset sale and purchase decisions between domestic and overseas wealth holders

Either of these can "drive" the current account

- Sometimes current export earnings fall short, leading to a required financial inflow
- Sometimes financial flows dominate, leading to adjustment of net exports

Macro balances

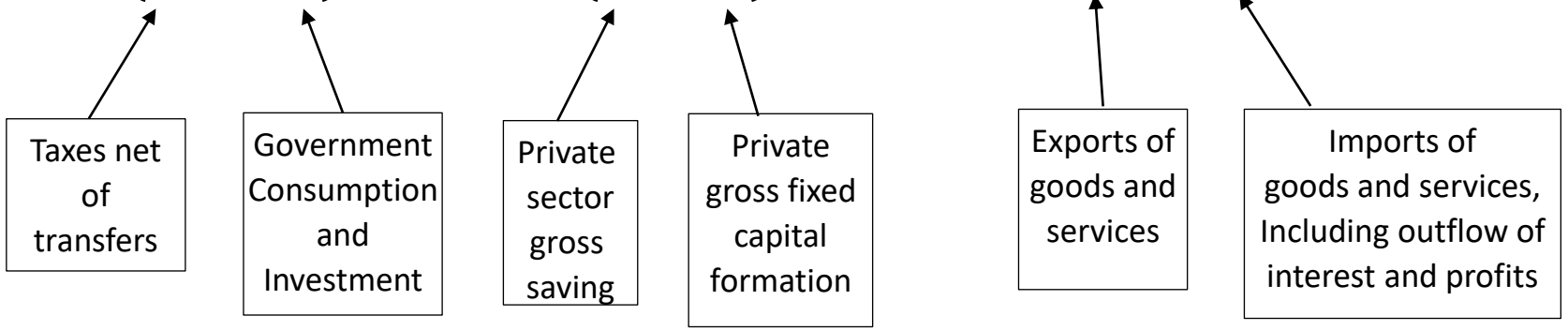
- Aggregate demand and supply must always balance
- Start from the textbook macro identity

$$C + I + G + X - M \equiv Y$$

Aggregate demand for output = Supply of domestic output

- Which can be dissected and rearranged to give

$$(T - G) + (S - I) = X - M$$



FISCAL SURPLUS + PRIVATE SECTOR SURPLUS = BALANCE OF PAYMENTS CURRENT ACCOUNT

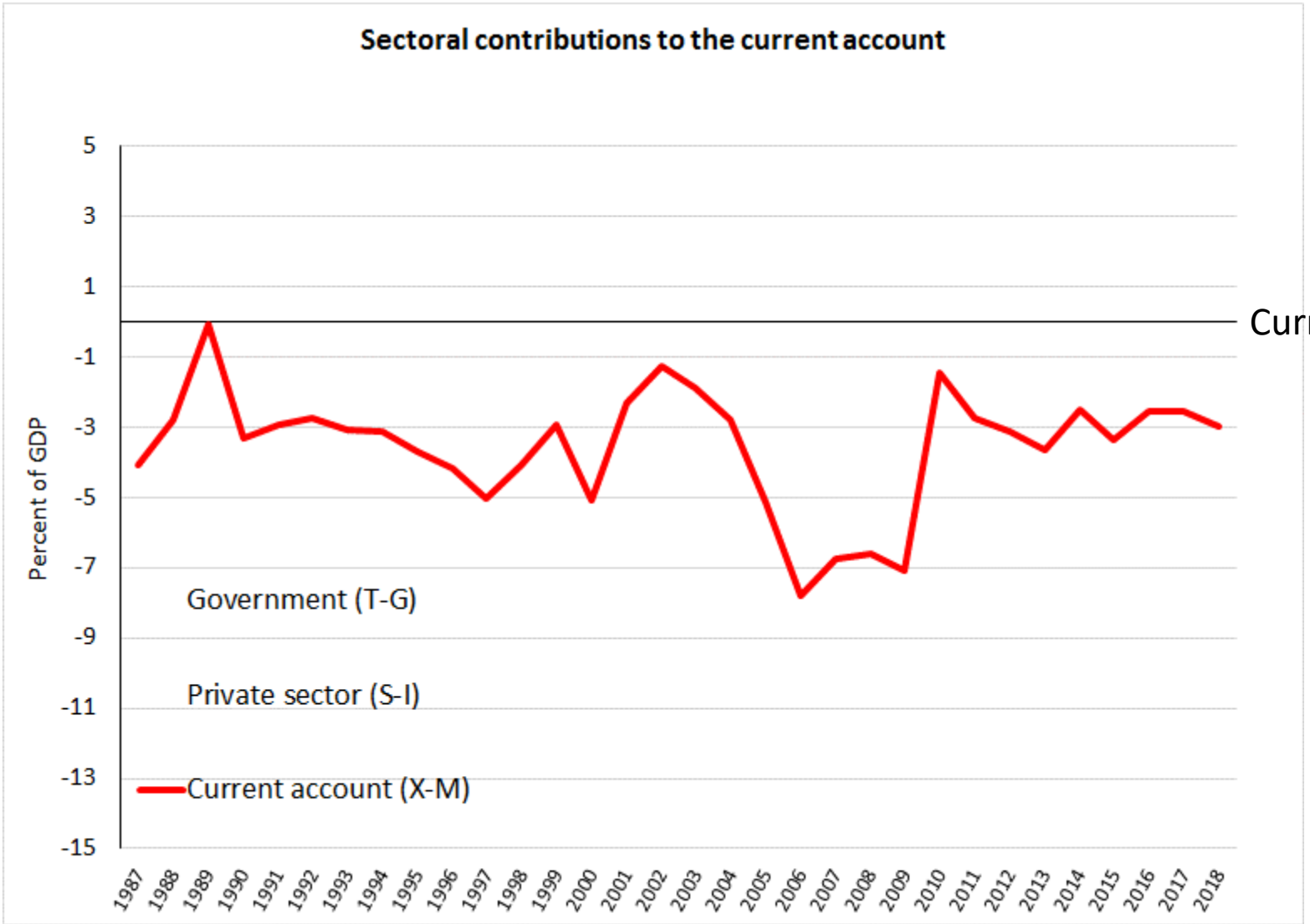
----------TOTAL NATIONAL SAVINGS----------

$$(T - G) \quad + \quad (S - I) \quad = \quad X - M$$

- For government to run a surplus (T – G) > 0, there must be a matching imbalance somewhere else:
  - Either a private-sector deficit (S – I) < 0
  - Or a current account surplus (X – M) > 0
  - Or both

- Too much "budget responsibility" fiscal surplus means private sector borrowing unless the current account is in surplus

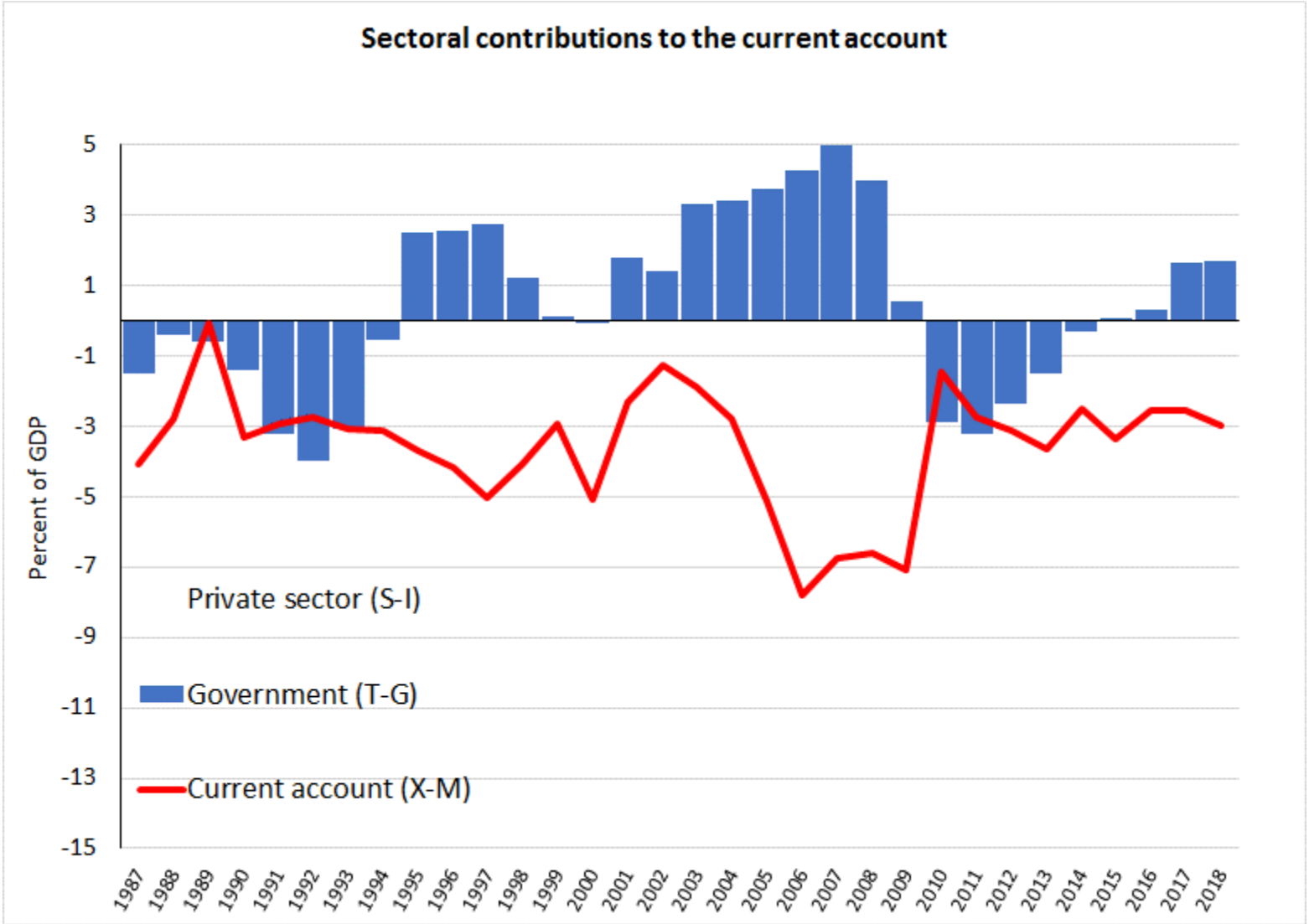
- New Zealand runs persistent current account deficits so the left-hand side of the equation is persistently negative: at least one sector must be in deficit



Surplus, $X > M$

Current account =0

Deficit, $M > X$


Sectoral contributions to the current account
Percent of GDP
5
3
1
-1
-3
-5
-7
-9
-11
-13
-15
Private sector (S-I)
Government (T-G)
Current account (X-M)
1987
1988
1989
1990
1991
1992
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
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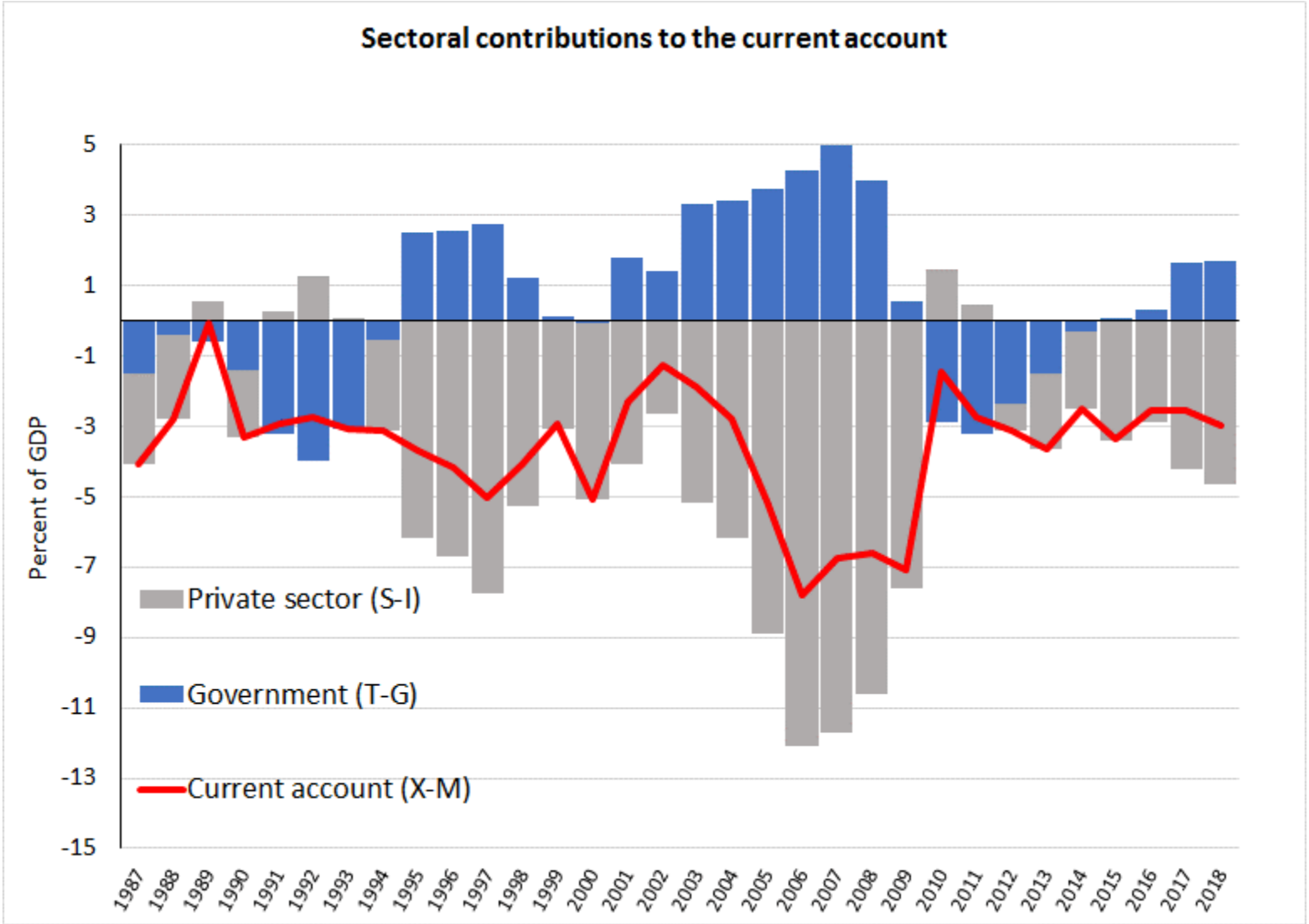
2011
2012
2013
2014
2015
2016
2017
2018


Sectoral contributions to the current account
Percent of GDP
5
3
1
-1
-3
-5
-7
-9
-11
-13
-15
Private sector (S-I)
Government (T-G)
Current account (X-M)
1987
1988
1989
1990
1991
1992
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
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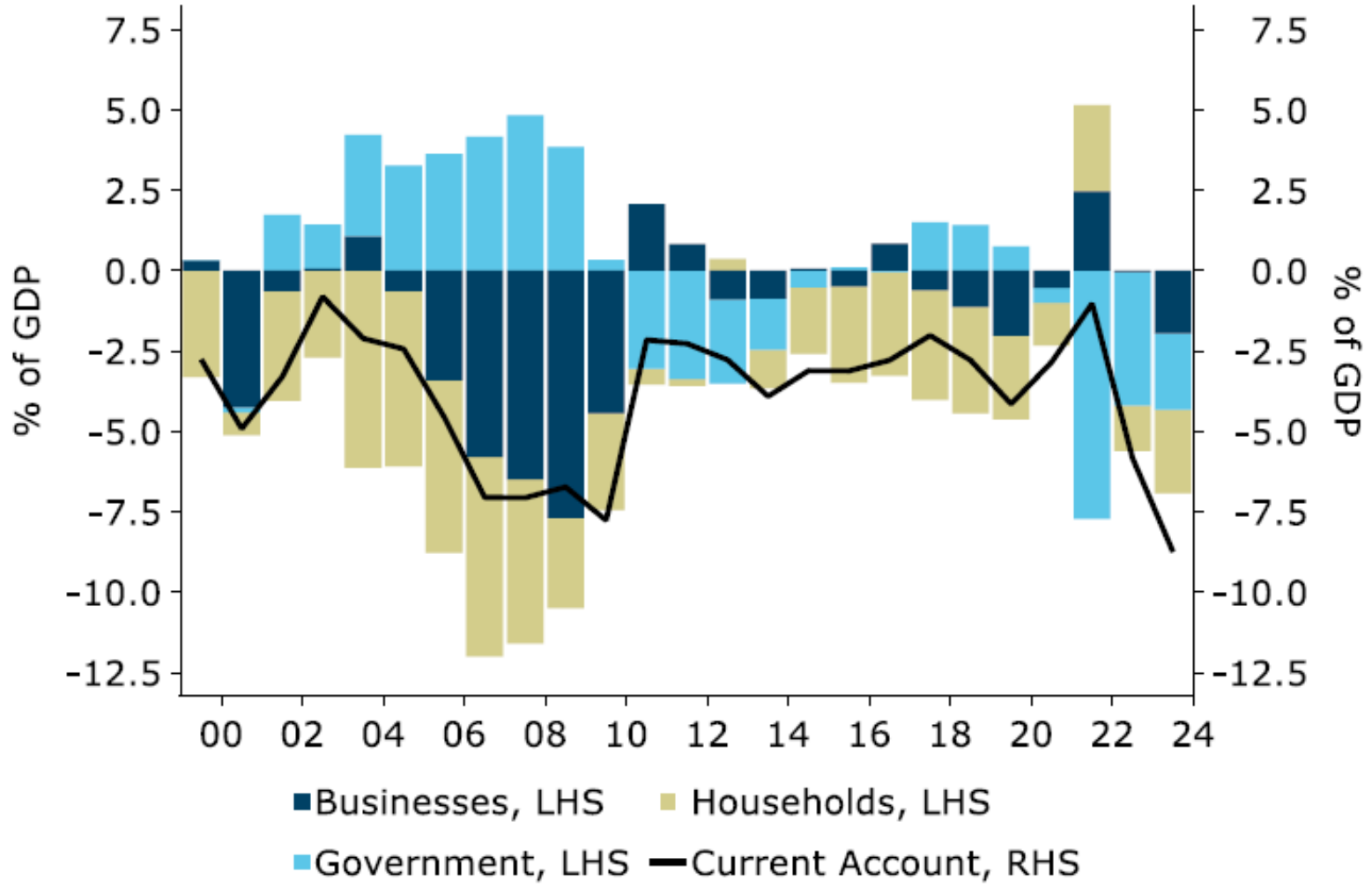
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018

Figure 28. Sector contributions to current account deficit



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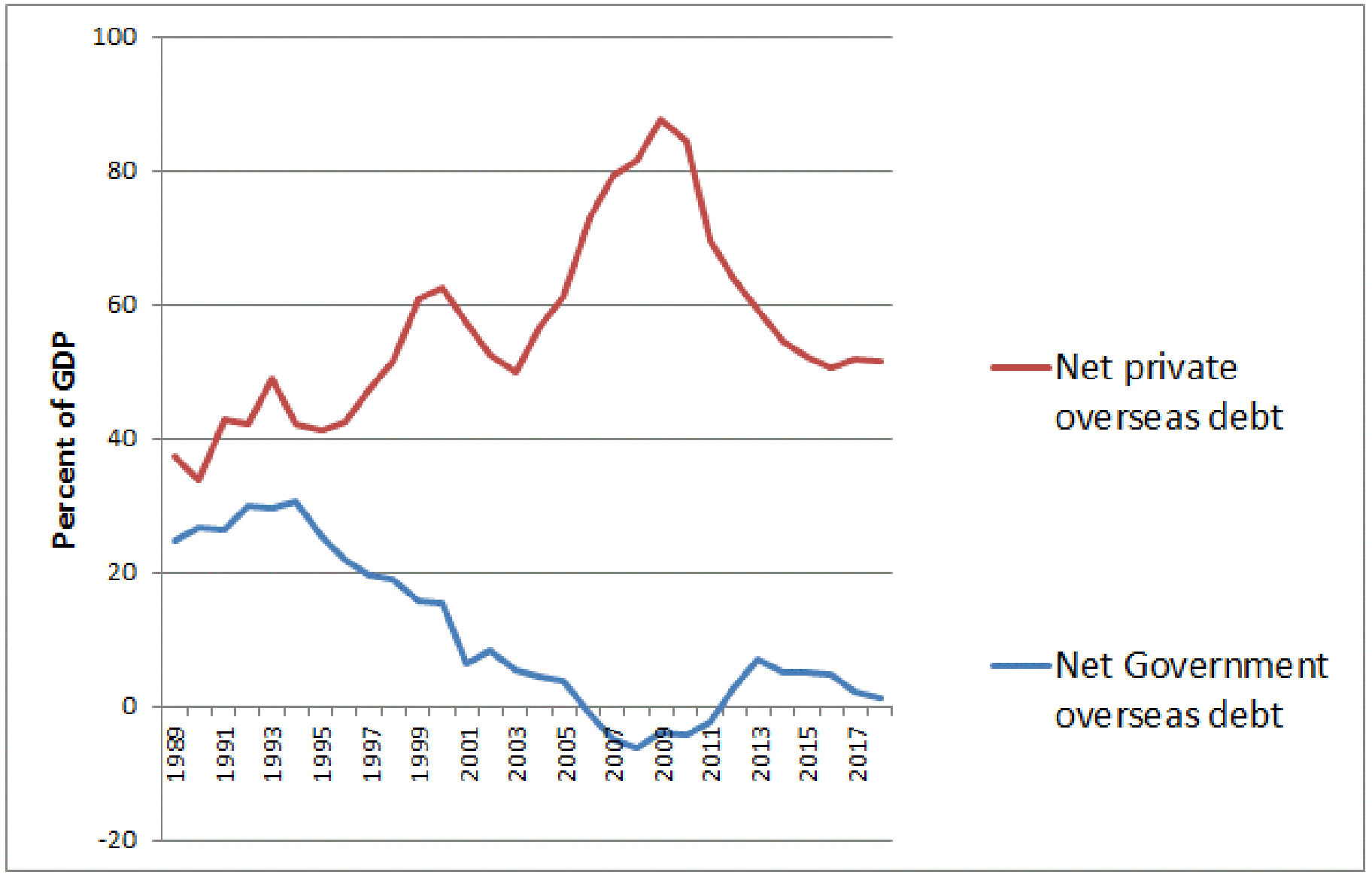
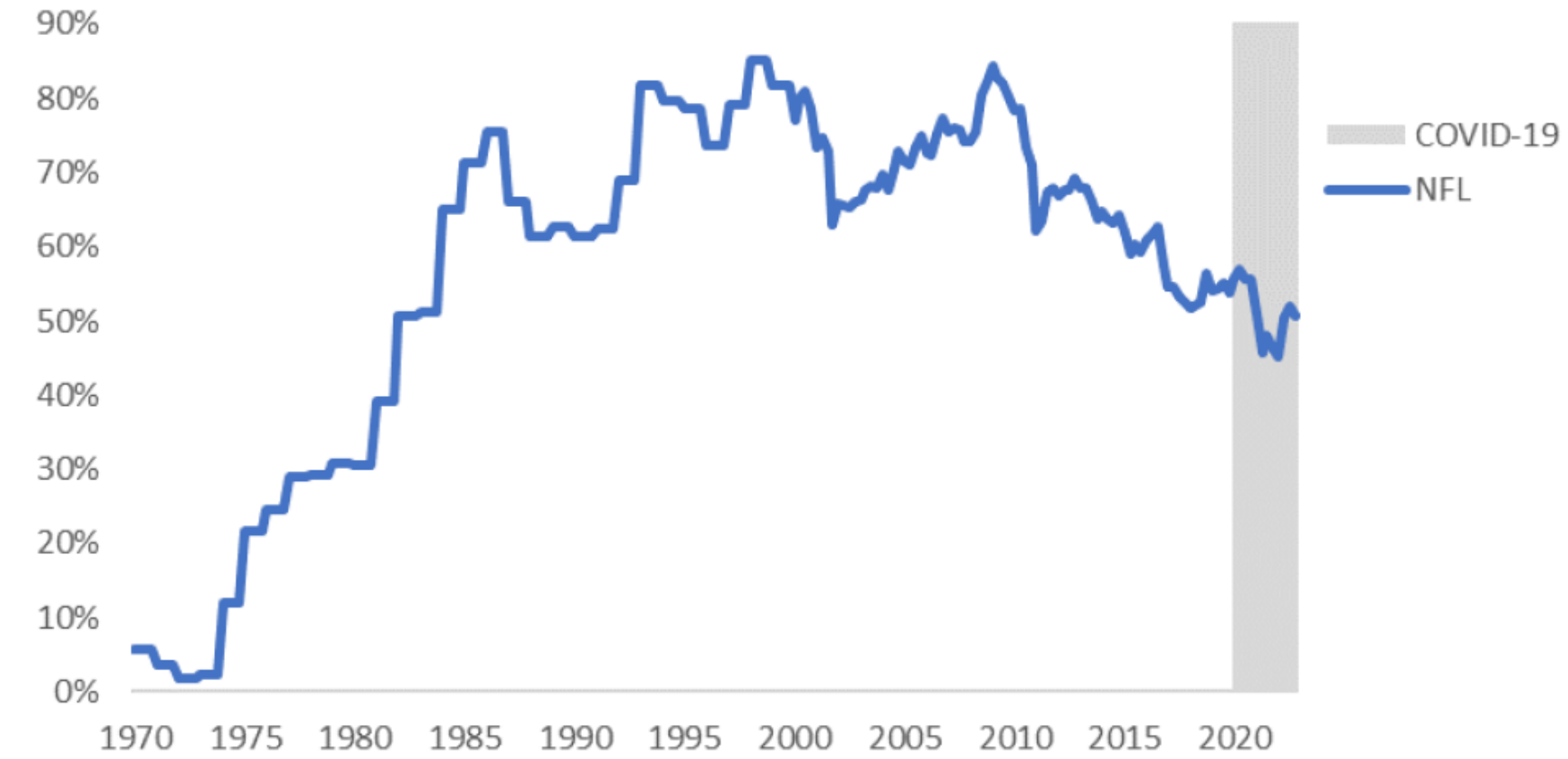
Implications for public and private external debt accumulation



Causality is obviously an issue

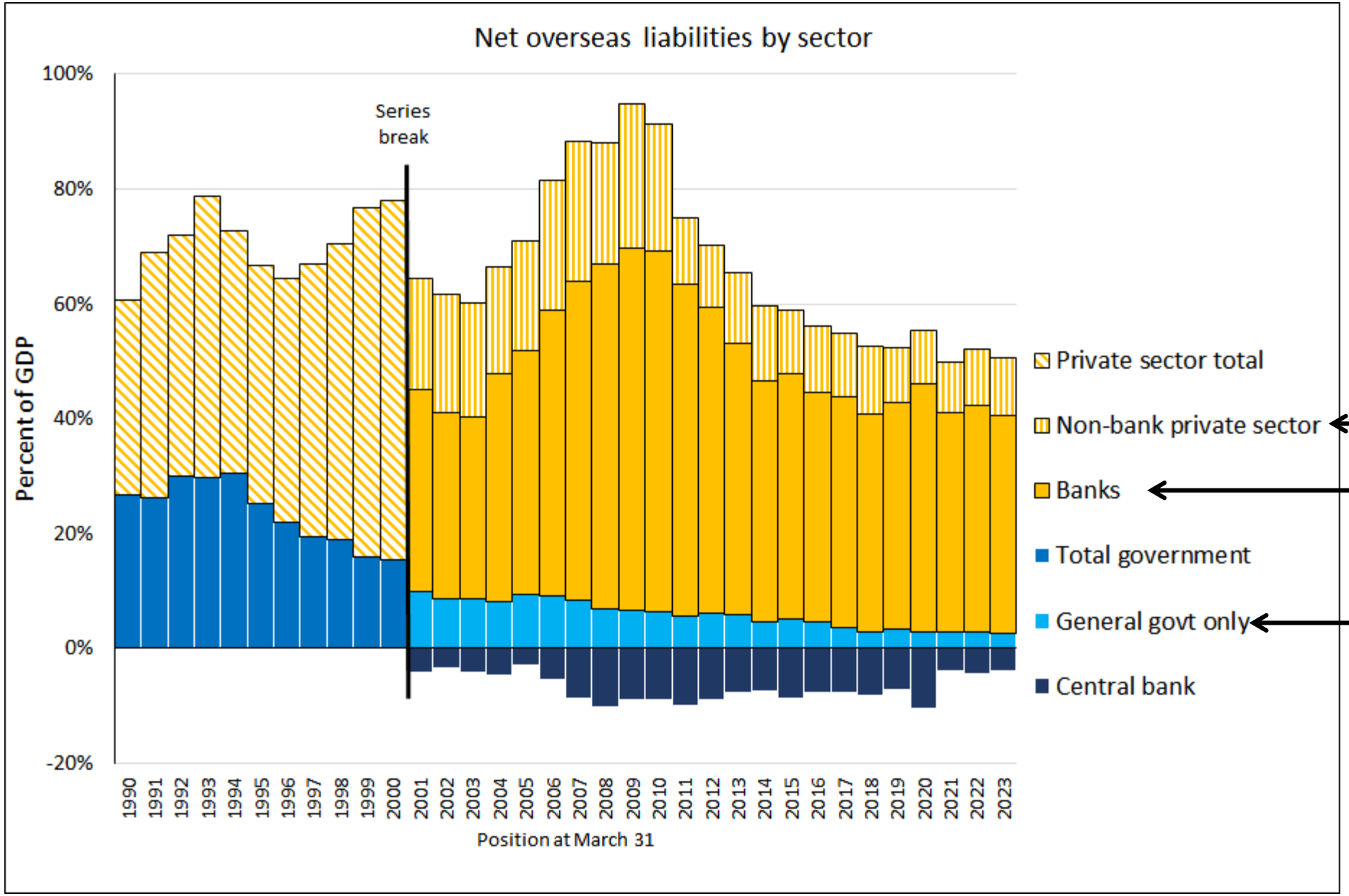
- So the Budget has to be designed with an eye to the macro externalities
- Fiscal policy only sometimes drives the balance of payments current account
- Achieving a fiscal surplus against an unresponsive current account forces the private sector to take on more external debt, unless the desired fiscal surplus is suppressed by feedback from the macro-economy

Figure 27: New Zealand's net foreign liabilities (% of GDP)

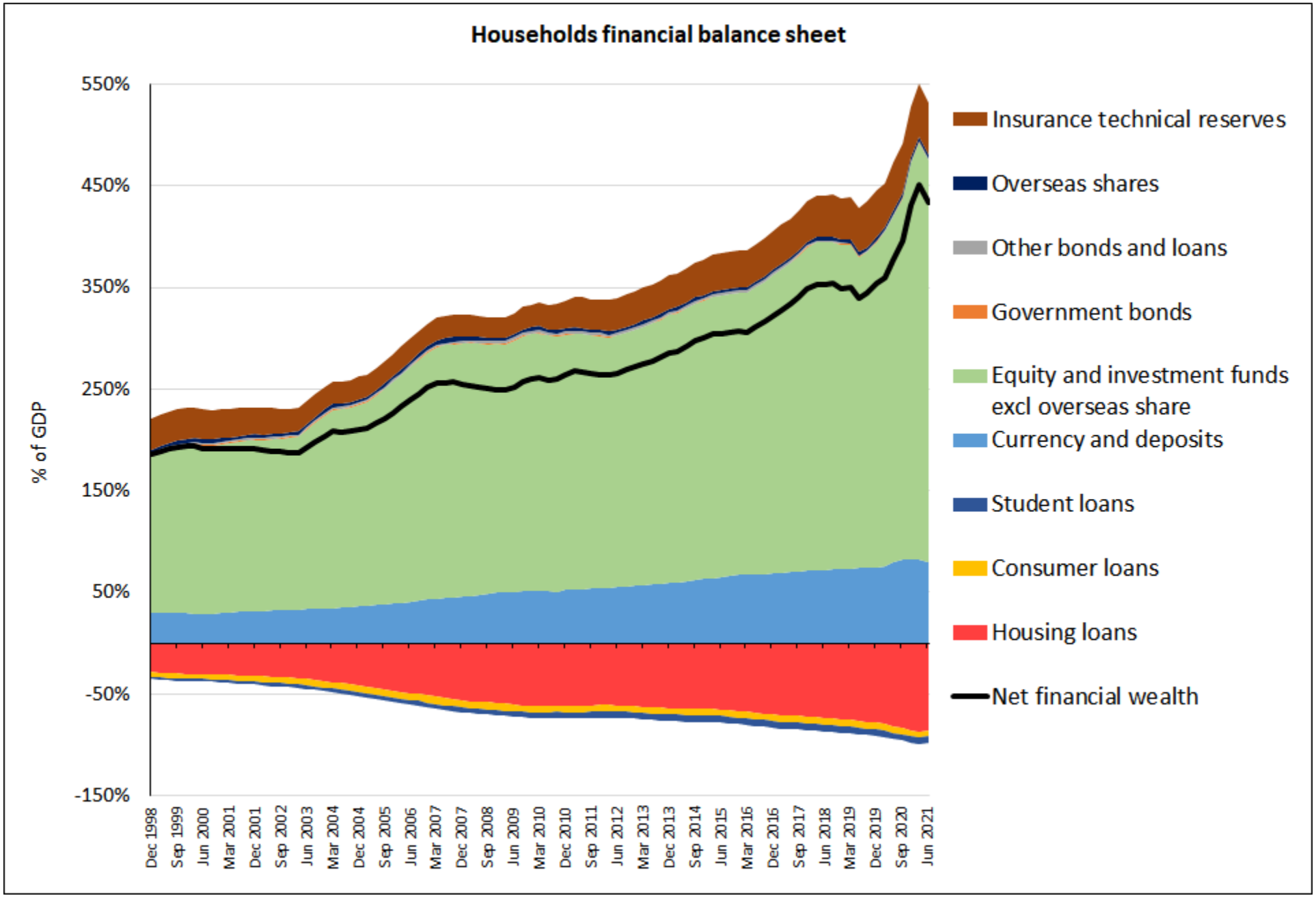


Source: Haver Analytics/Stats NZ for data from 1989. Data prior to 1989 sourced from Lane & Milesi-Ferretti (2016)

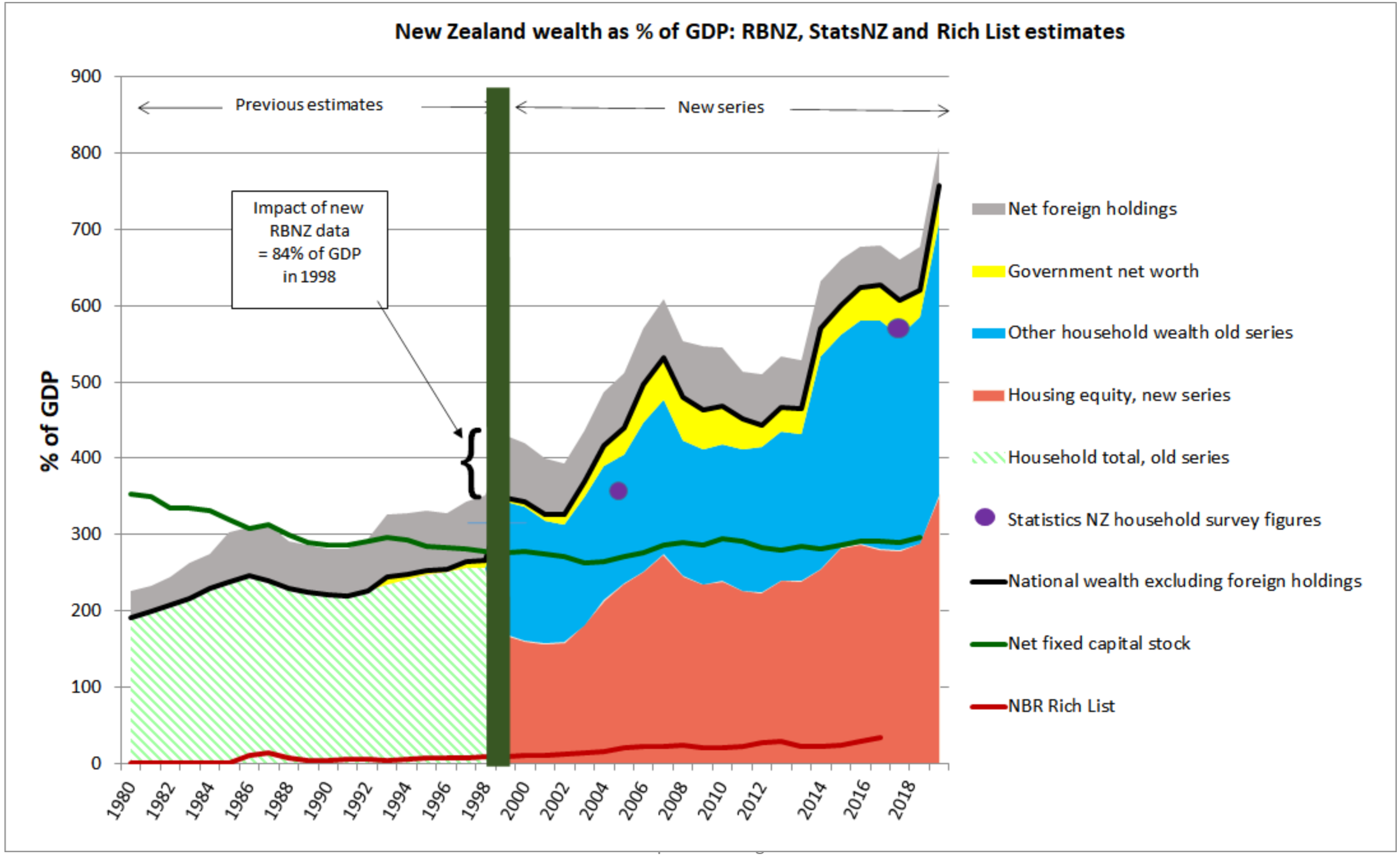
Matthew Galt, *Examining New Zealand's increased rate of income growth between the late 1990s and 2019* Treasury Analytical Note 23/04, June 2023, p.36.


Net overseas liabilities by sector
100%
80%
60%
40%
20%
0%
-20%
Percent of GDP
Series break
1990
1991
1992
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
Position at March 31
Private sector total
Non-bank private sector
Banks
Total government
General govt only
Central bank
10% of GDP in 2023
38% of GDP in 2023
2.5%m of GDP in 2023

Balance sheets within the NZ economy



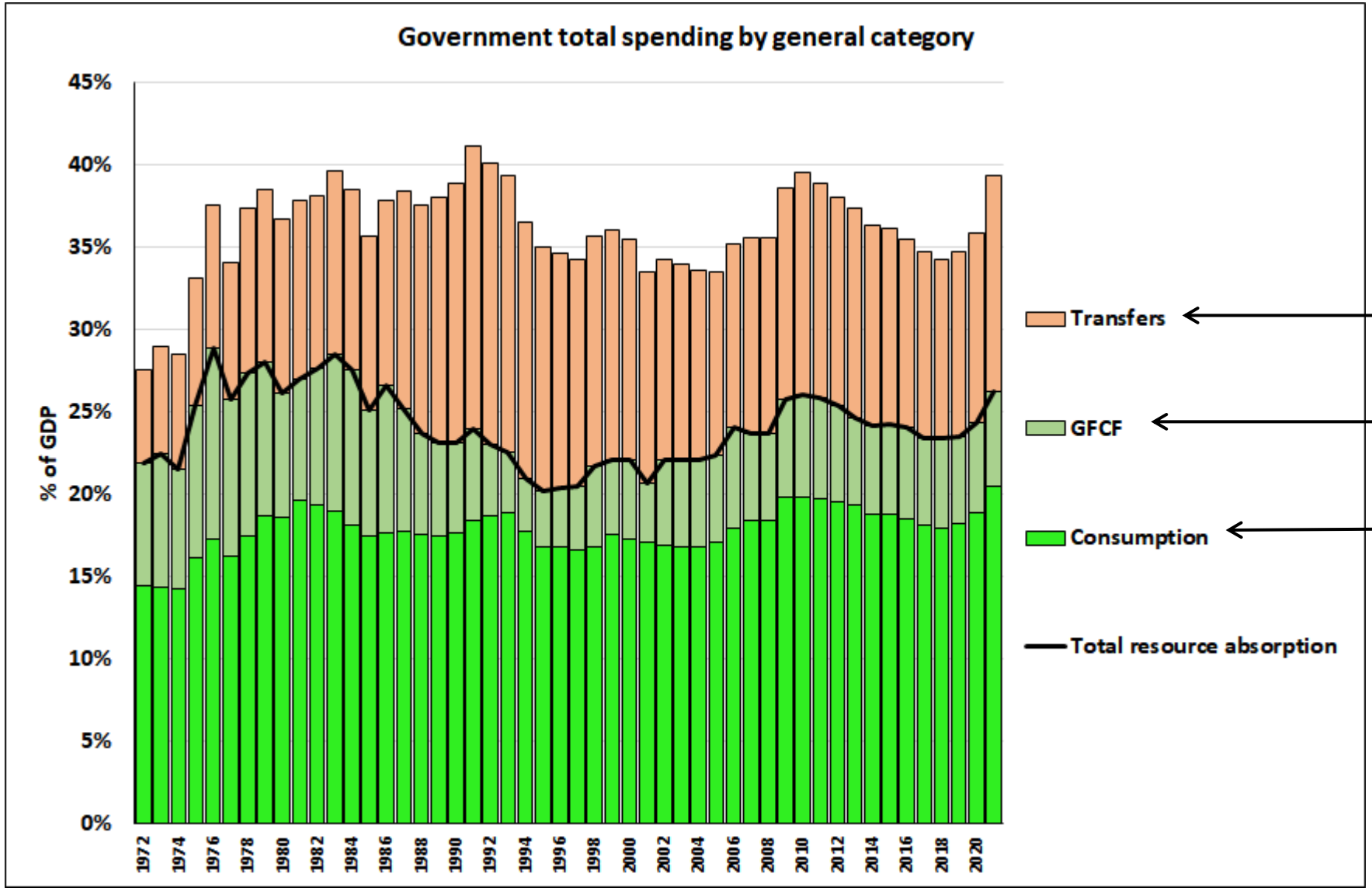
RBNZ Table C22


New Zealand wealth as % of GDP: RBNZ, StatsNZ and Rich List estimates
Previous estimates
New series
Impact of new RBNZ data = 84% of GDP in 1998
% of GDP
900
800
700
600
500
400
300
200
100
0
1980
1982
1984
1986
1988
1990
1992
1994
1996
1998
2000
2002
2004
2006
2008
2010
2012
2014
2016
2018
Net foreign holdings
Government net worth
Other household wealth old series
Housing equity, new series
Household total, old series
Statistics NZ household survey figures
National wealth excluding foreign holdings
Net fixed capital stock
NBR Rich List

But very and increasingly unequally distributed – especially the equity component

=> The transfer problem/issue and portfolio balance

How big is the state sector – 39%, 27%, 21% of GDP?



- It is anomalous to treat tax/transfer flows as part of “the size of the state” in the same sense as government consumption and investment
- Transfers are different from Government consumption and investment spending
- Government’s consumption and investment spending involve direct claims which draw the economy’s resources into production of goods and services to be delivered by the government to citizens (including dependents)
- In a fully employed economy, *G* (government consumption and investment excluding transfers) draws real resources away from private sector and/or external sector – so taxes to finance these do reduce private disposable income
- But transfers simply shift purchasing power from one part of the population to another, so the taxes required to finance them do not represent any withdrawal of aggregate purchasing power from the private sector
- *T* in the macroeconomic equation is taxes minus transfers – but in the financial statements transfers are not netted out from either *T* or *G*

What tax-financed transfers do and don’t do

- They change the distribution of income, and hence over time the distribution of wealth
- They mitigate hardship and improve well-being in one group at the expense of others – from a wellbeing point of view this should be positive-sum, but not pareto-improving
- They shift the composition of final demand, probably towards greater demand for basic needs goods and services, and smaller demand for luxuries
- They do not increase the state’s direct claim on the economy’s scarce resources

The 2017 pre-election document *Labour's Fiscal Plan: Post-PREFU* revision, https://d3n8a8pro7vhmx.cloudfront.net/nzlabour/pages/8301/attachments/original/1504048898/20170829_-_Labour's_Fiscal_Plan.pdf?1504048898, laid down five "rules" as follows:

1. ***The Government will deliver a sustainable operating surplus [OBEGAL] across an economic cycle.***

2. ***The Government will reduce the level of Net Core Crown Debt to 20% of GDP within five years of taking office***

3. ***The Government will prioritise investments to address the long-term financial and sustainability challenges facing New Zealand***

4. ***The Government will take a prudent approach to ensure expenditure is phased, controlled, and directed to maximise its benefits. The Government will maintain its expenditure to within the recent historical range of spending to GDP ratio.*** **During the global financial crisis Core Crown spending rose to 34% of GDP. However, for the last 20 years, Core Crown spending has been around 30% of GDP and we will manage our expenditure carefully to continue this trend.**

5. ***The Government will ensure a progressive taxation system that is fair, balanced, and promotes the long-term sustainability and productivity of the economy***

From the Public Finance Act 1990

26G Principles of responsible fiscal management

(1) The Government must pursue its policy objectives in accordance with the following principles (the **principles of responsible fiscal management**):

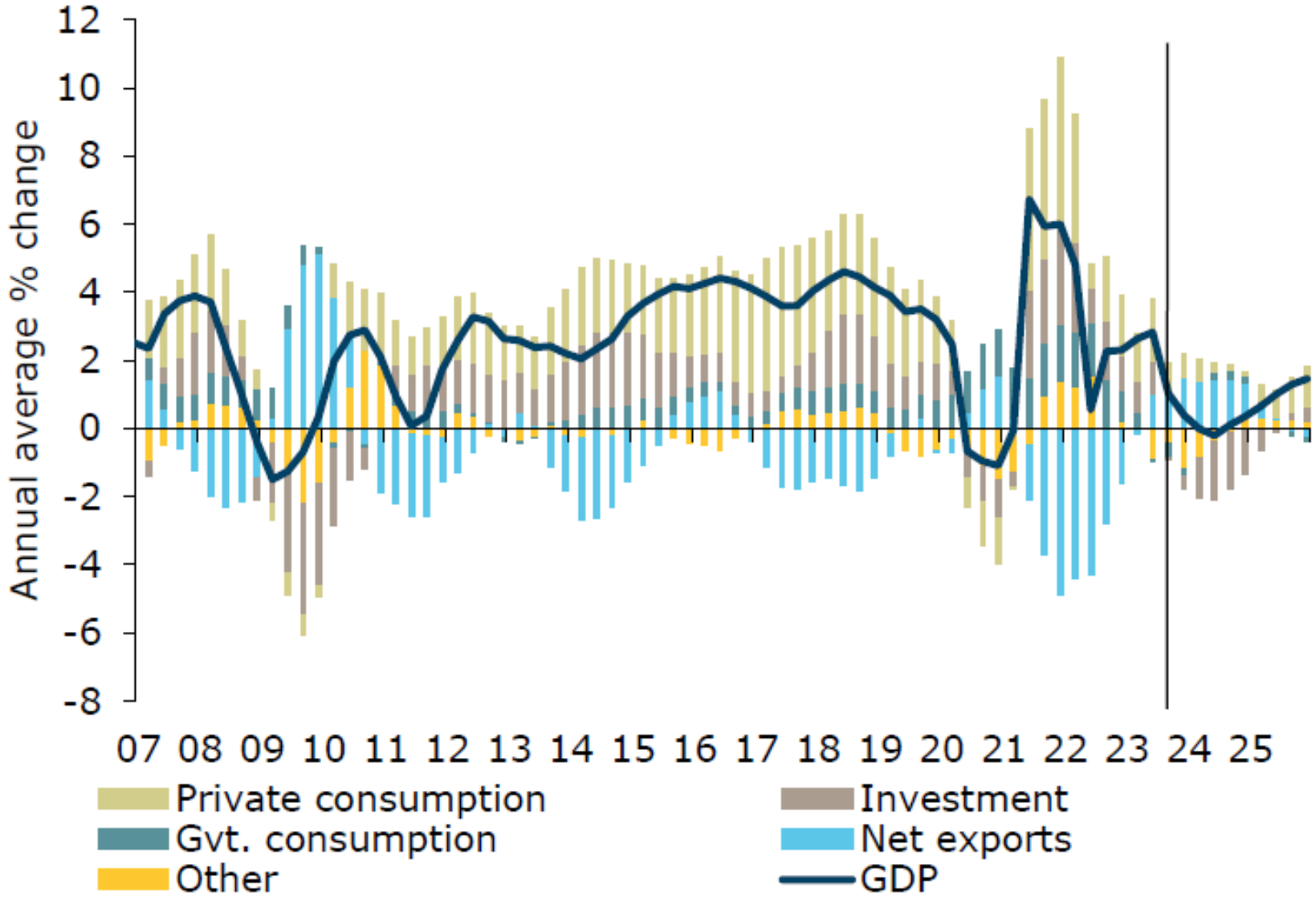
(a) reducing total debt to prudent levels so as to provide a buffer against factors that may impact adversely on the level of total debt in the future by ensuring that, until those levels have been achieved, total operating expens

(b) once prudent levels of total debt have been achieved, maintaining those levels by ensuring that, on average, over a reasonable period of time, total operating expenses do not exceed total operating revenues; and

(c) achieving and maintaining levels of total net worth that provide a buffer against factors that may impact adversely on total net worth in the future; and

(d) managing prudently the fiscal risks facing the Government;

Government and Net Exports stabilizing influences



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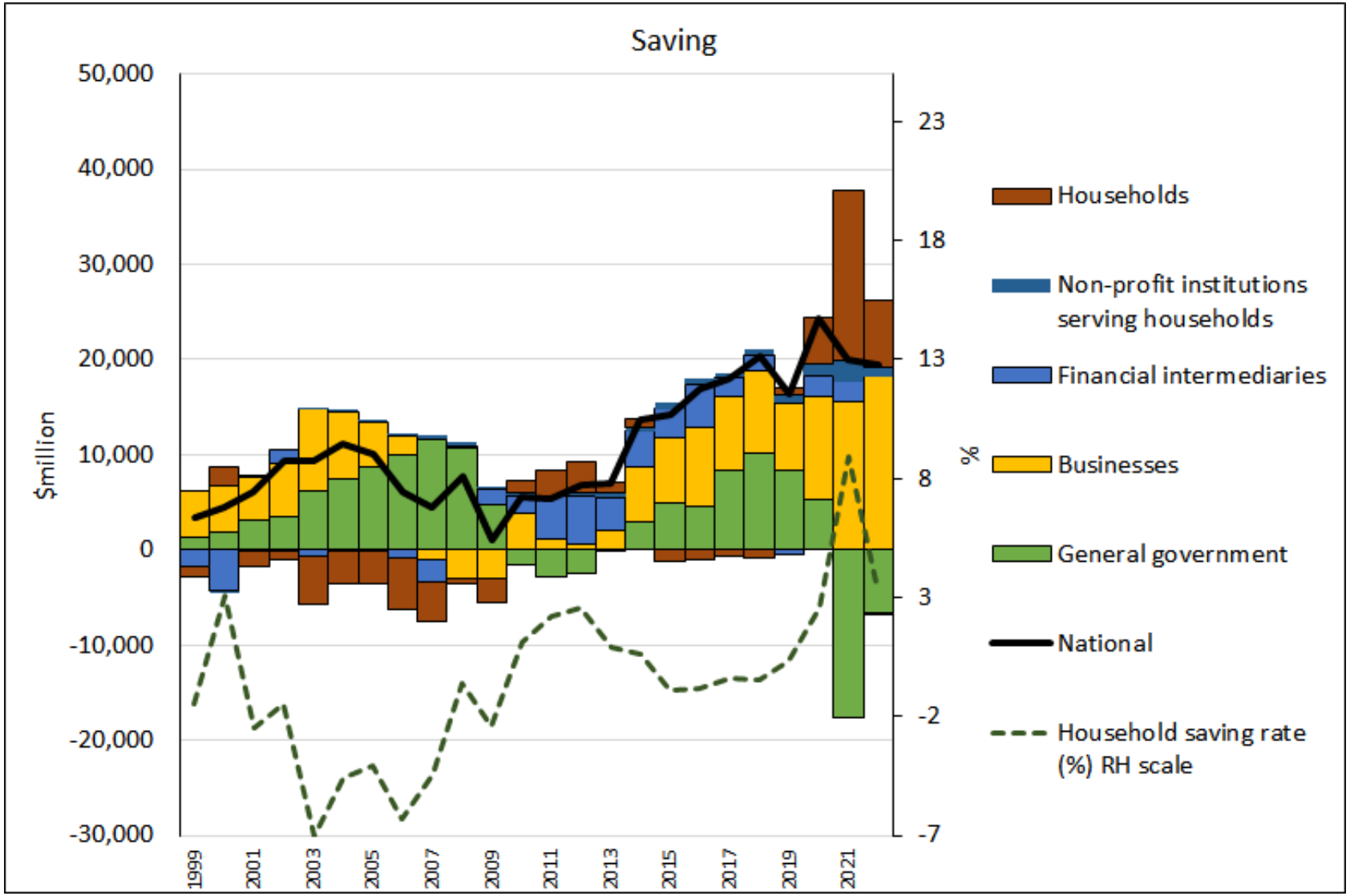
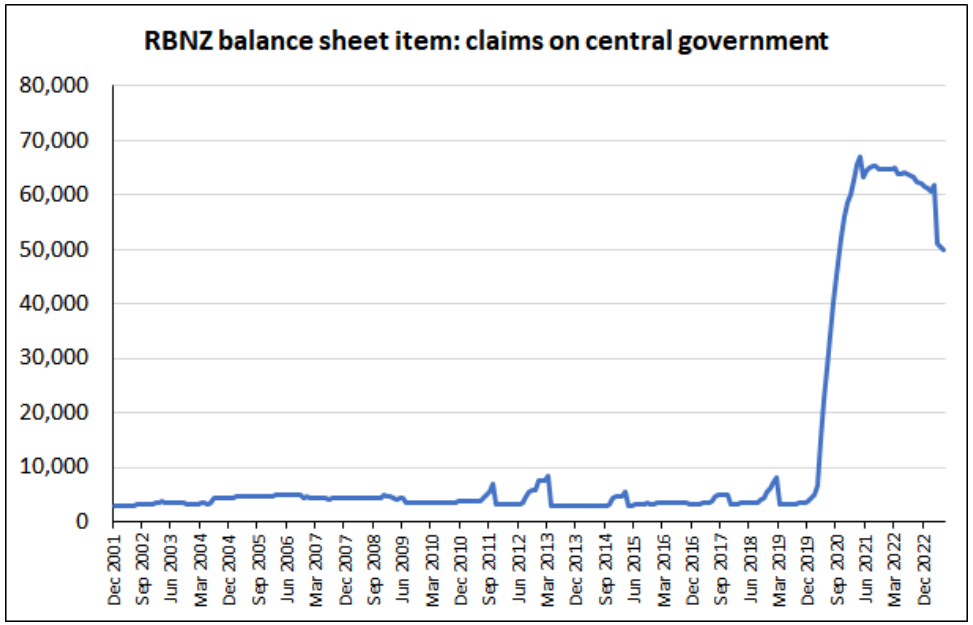
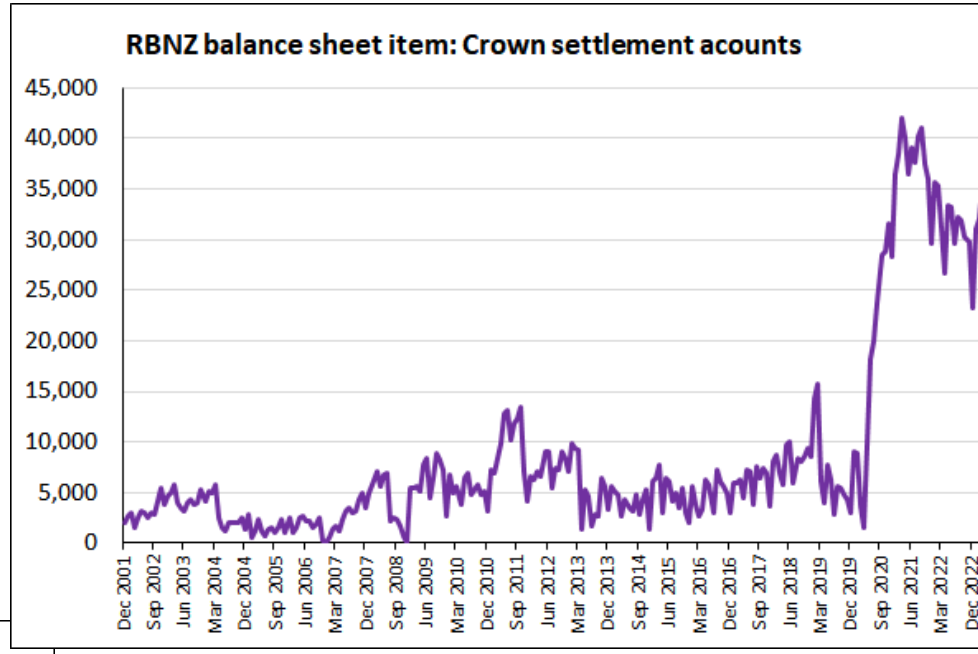
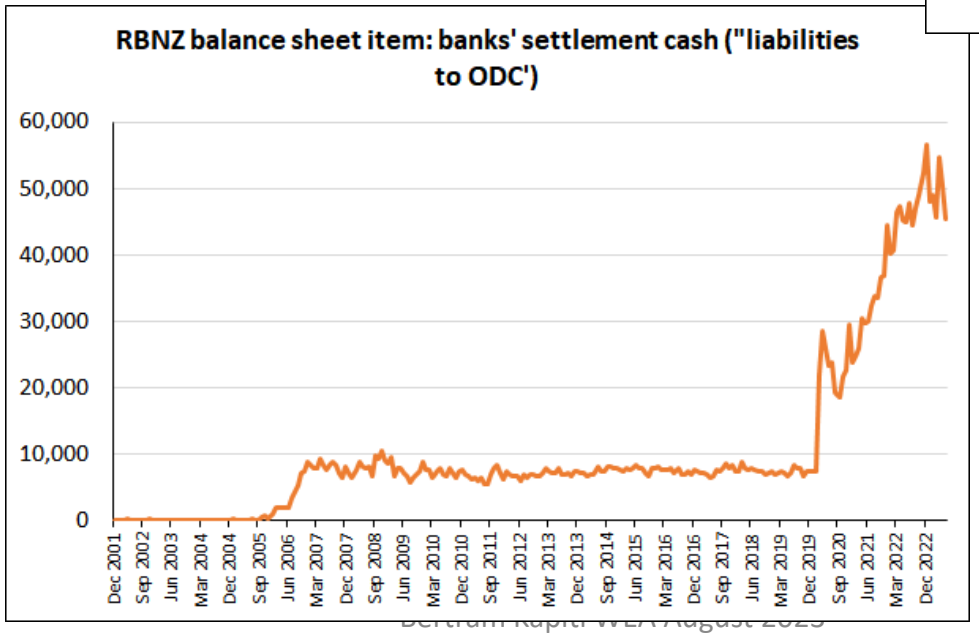

Saving
50,000
40,000
30,000
20,000
10,000
0
-10,000
-20,000
-30,000
$million
23
18
13
8
3
-2
-7
%
1999
2001
2003
2005
2007
2009
2011
2013
2015
2017
2019
2021
Households
Non-profit institutions serving households
Financial intermediaries
Businesses
General government
National
Household saving rate (%) RH scale

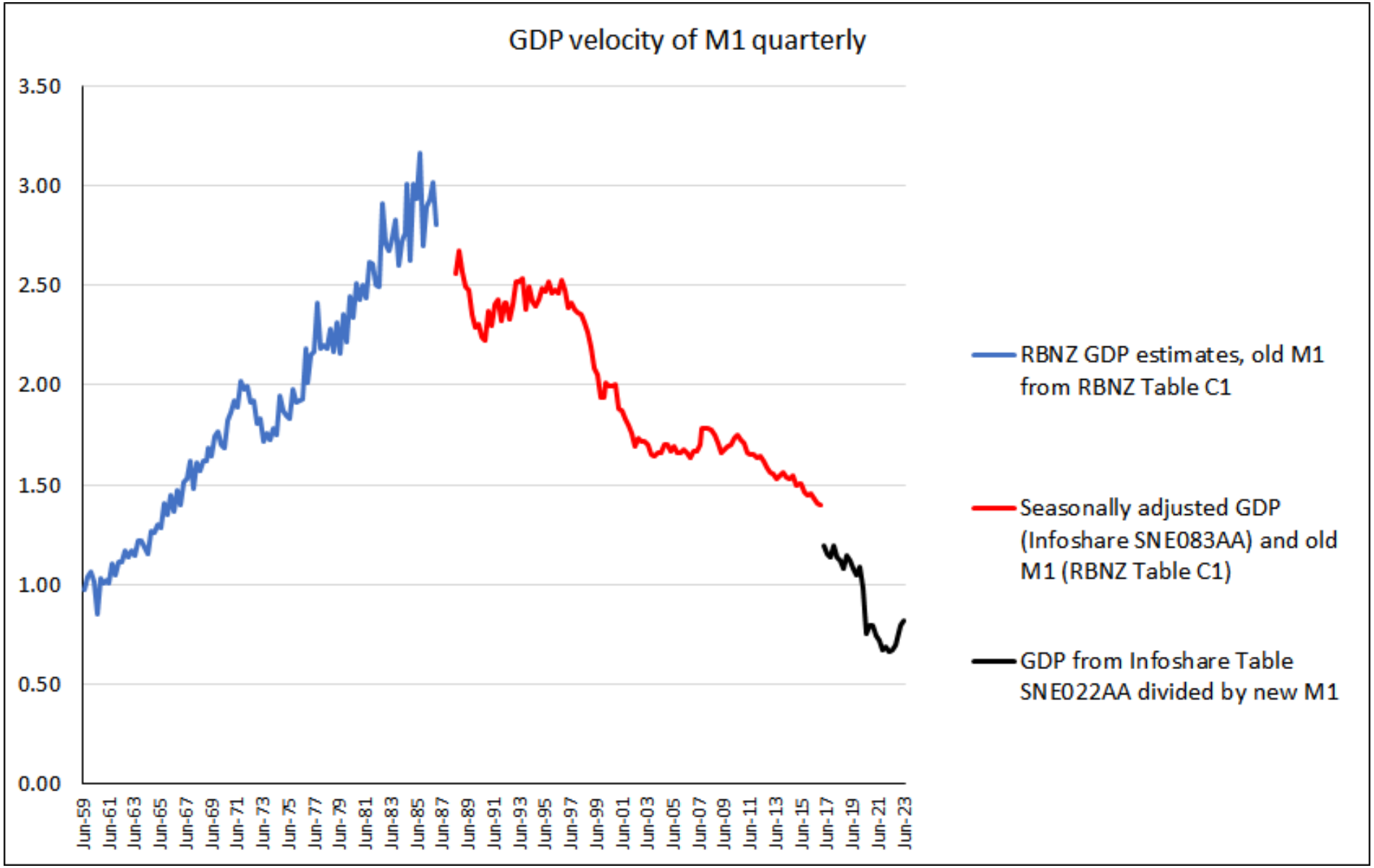
Monetary and fiscal policy: three charts



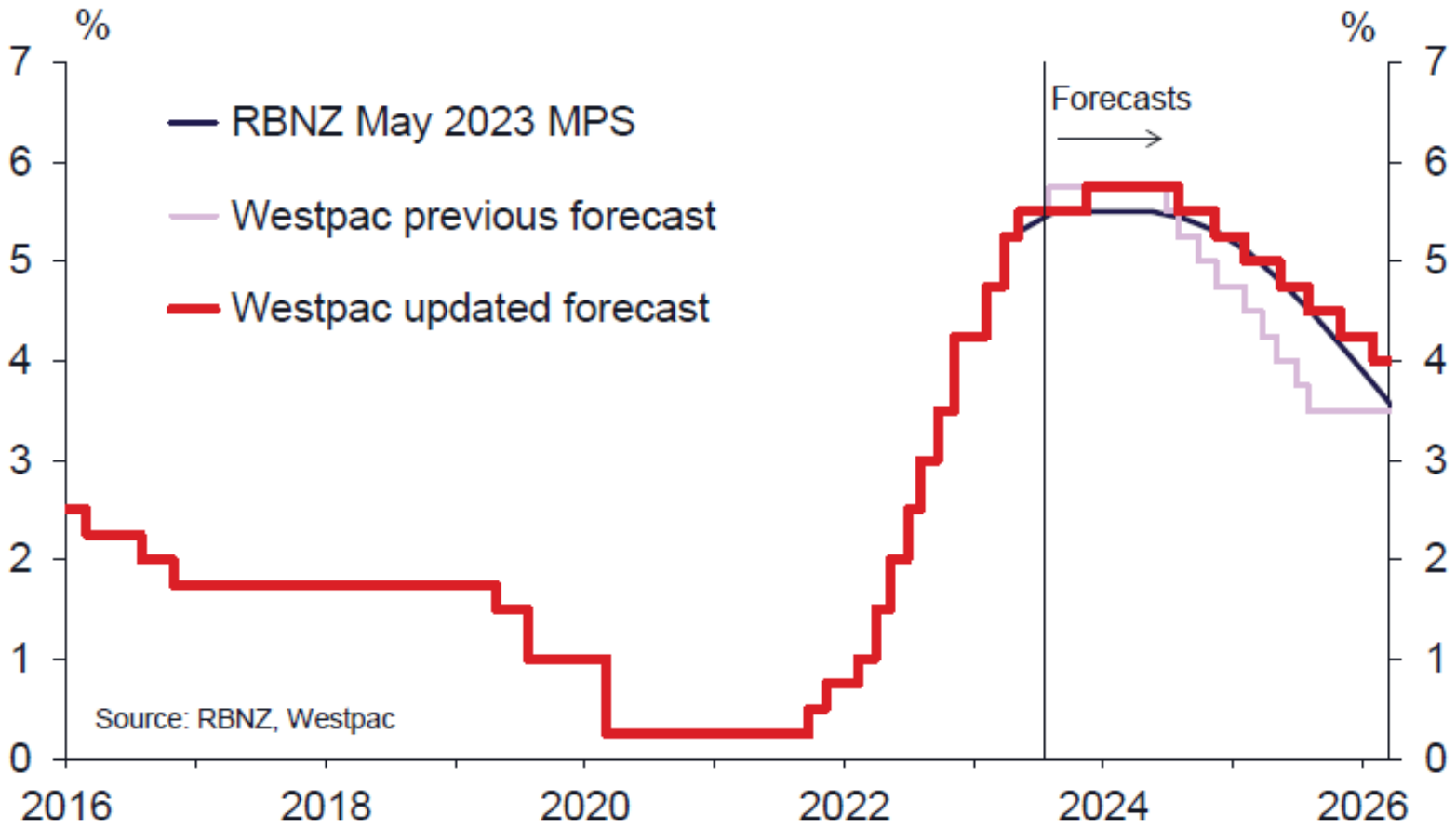
$million





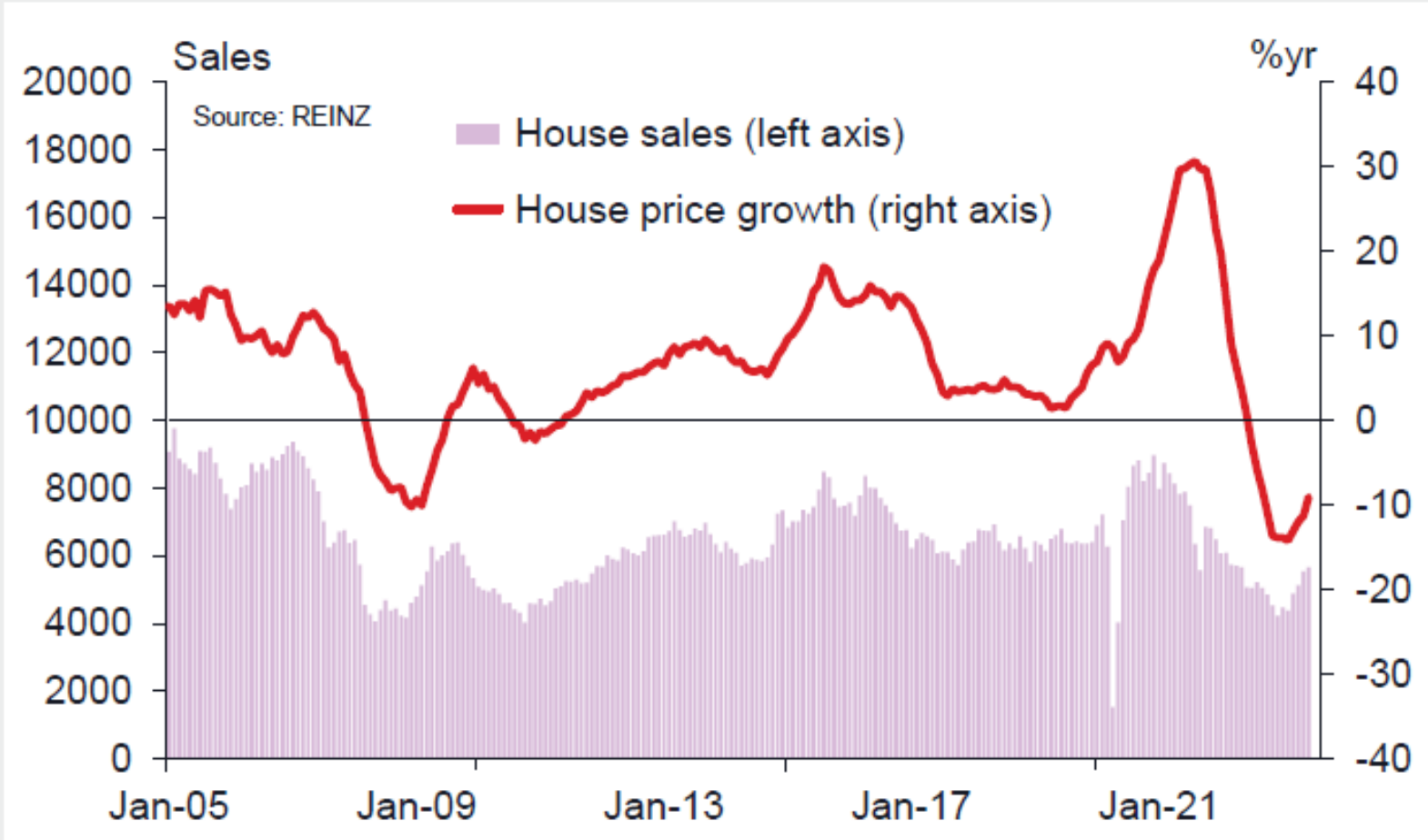

GDP velocity of M1 quarterly
3.50
3.00
2.50
2.00
1.50
1.00
0.50
0.00
Jun-59
Jun-61
Jun-63
Jun-65
Jun-67
Jun-69
Jun-71
Jun-73
Jun-75
Jun-77
Jun-79
Jun-81
Jun-83
Jun-85
Jun-87
Jun-89
Jun-91
Jun-93
Jun-95
Jun-97
Jun-99
Jun-01
Jun-03
Jun-05
Jun-07
Jun-09
Jun-11
Jun-13
Jun-15
Jun-17
Jun-19
Jun-21
Jun-23
RBNZ GDP estimates, old M1 from RBNZ Table C1
Seasonally adjusted GDP (Infoshare SNE083AA) and old M1 (RBNZ Table C1)
GDP from Infoshare Table SNE022AA divided by new M1

Official Cash Rate forecasts



Westpac Weekly Economic Commentary 7 August 2023 p.2.

REINZ house prices and sales



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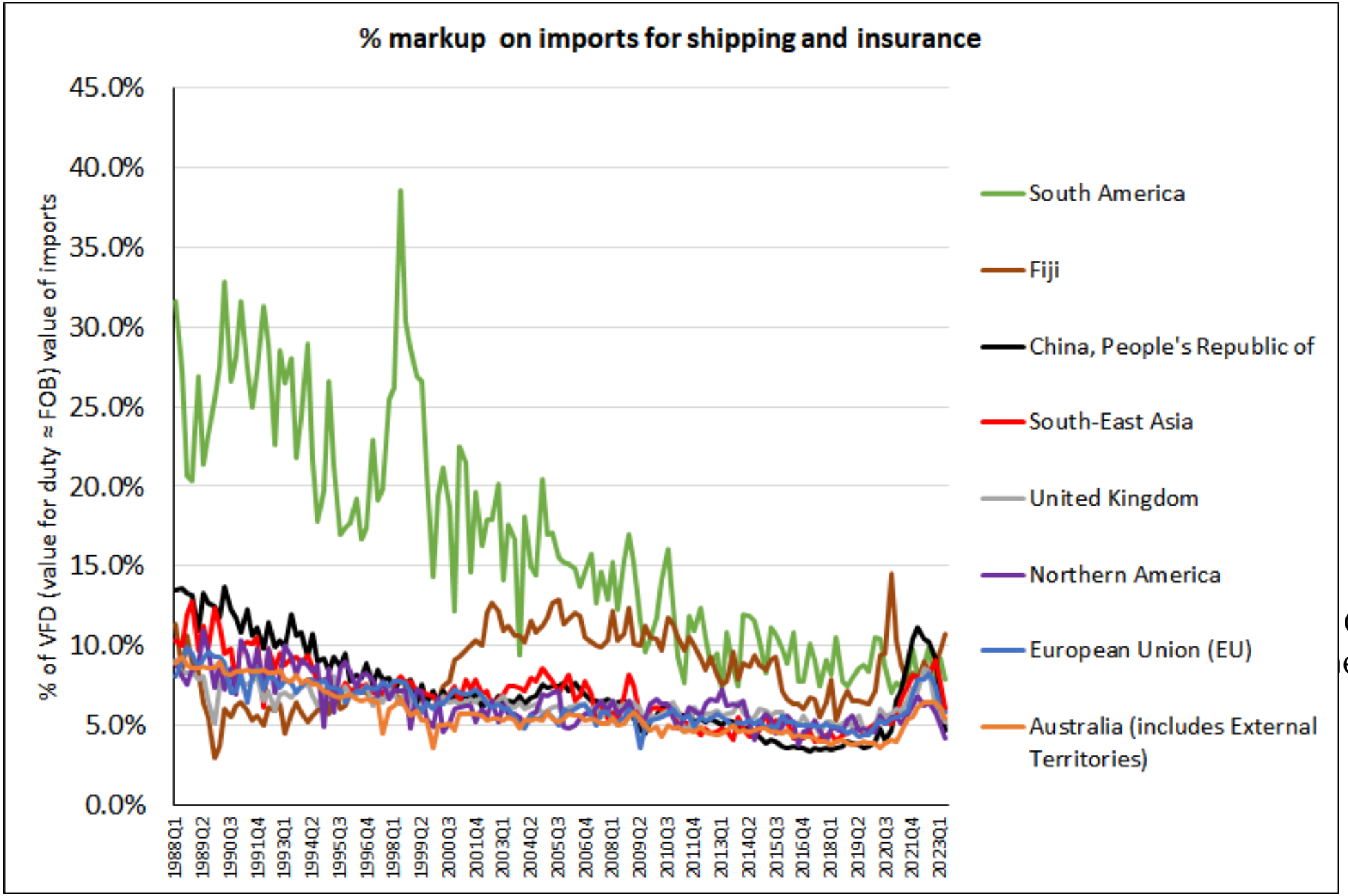
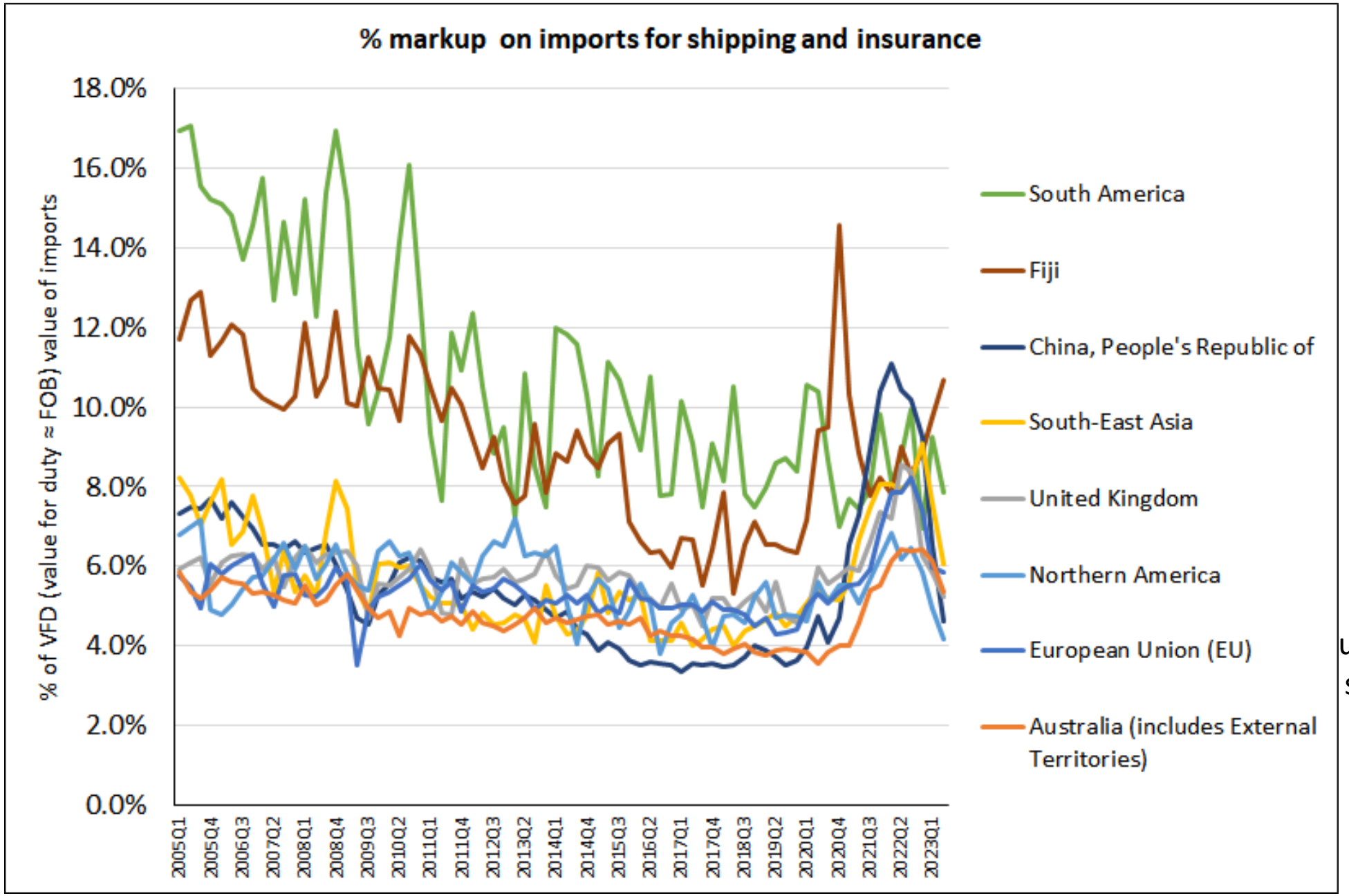

% markup on imports for shipping and insurance
% of VFD (value for duty ≈ FOB) value of imports
45.0%
40.0%
35.0%
30.0%
25.0%
20.0%
15.0%
10.0%
5.0%
0.0%
1988Q1
1989Q2
1990Q3
1991Q4
1993Q1
1994Q2
1995Q3
1996Q4
1998Q1
1999Q2
2000Q3
2001Q4
2003Q1
2004Q2
2005Q3
2006Q4
2008Q1
2009Q2
2010Q3
2011Q4
2013Q1
2014Q2
2015Q3
2016Q4
2018Q1
2019Q2
2020Q3
2021Q4
2023Q1
South America
Fiji
China, People's Republic of
South-East Asia
United Kingdom
Northern America
European Union (EU)
Australia (includes External Territories)

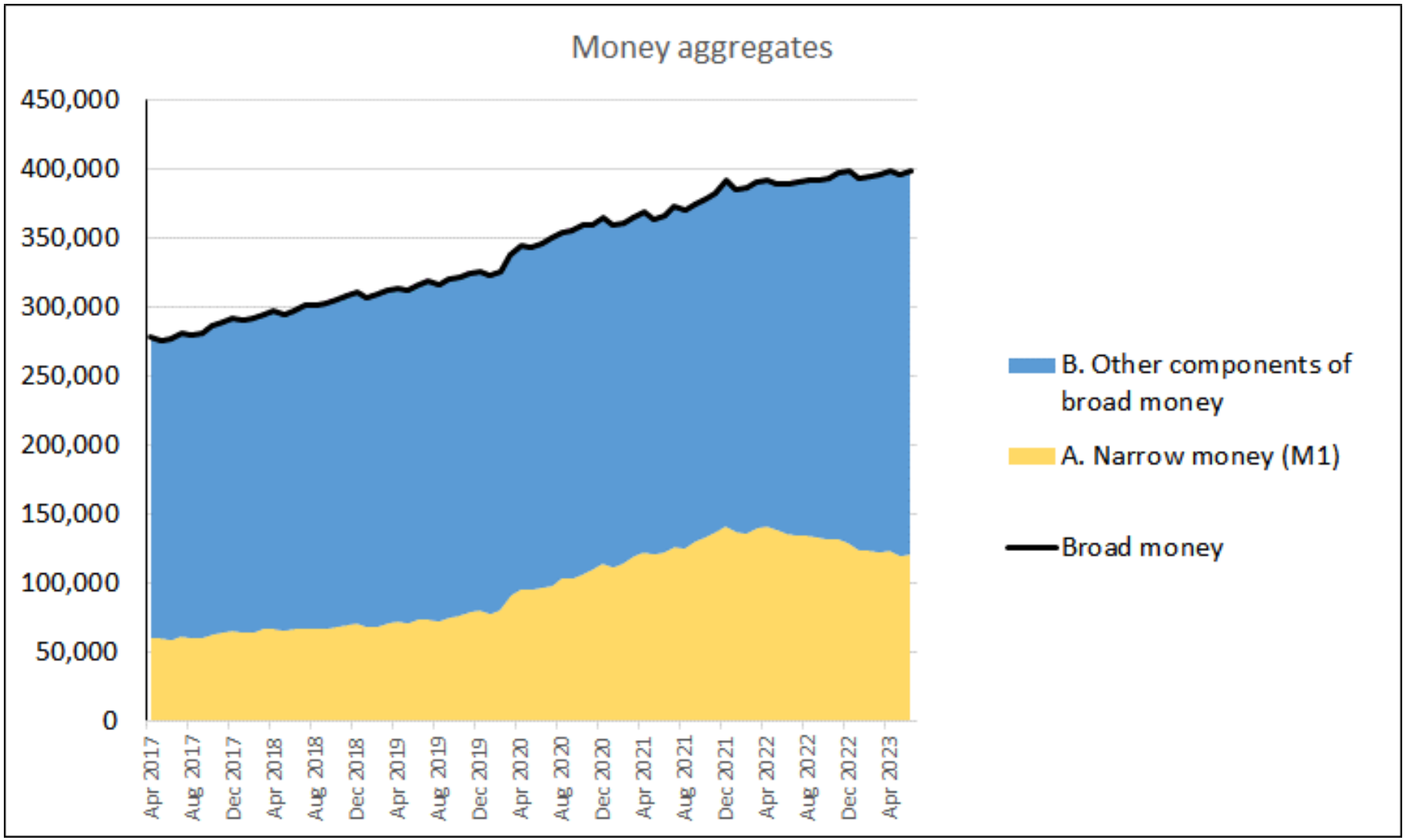
CIF
eet


% markup on imports for shipping and insurance
% of VFD (value for duty ≈ FOB) value of imports
18.0%
16.0%
14.0%
12.0%
10.0%
8.0%
6.0%
4.0%
2.0%
0.0%
2005Q1
2005Q4
2006Q3
2007Q2
2008Q1
2008Q4
2009Q3
2010Q2
2011Q1
2011Q4
2012Q3
2013Q2
2014Q1
2014Q4
2015Q3
2016Q2
2017Q1
2017Q4
2018Q3
2019Q2
2020Q1
2020Q4
2021Q3
2022Q2
2023Q1
South America
Fiji
China, People's Republic of
South-East Asia
United Kingdom
Northern America
European Union (EU)
Australia (includes External Territories)

us CIF sheet

Money & credit aggregate annual growth rates (Banks & RBNZ)

https://www.rbnz.govt.nz/statistics/series/lending-and-monetary/depository-corporations-money-and-credit-aggregates



https://www.rbnz.govt.nz/-/media/project/sites/rbnz/files/statistics/series/c/c50/hc50.xlsx