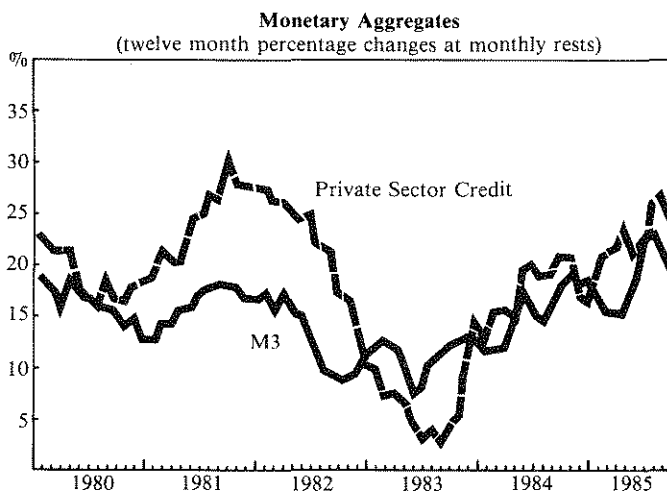


ECONOMIC UPDATE

Monetary Indicators

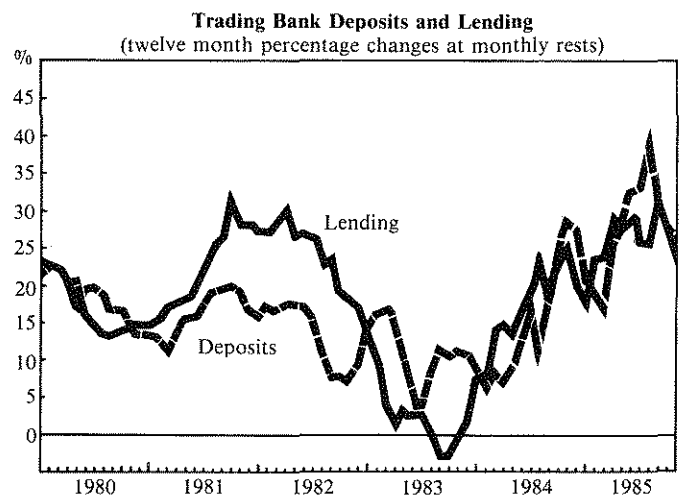
The *Money Supply* (M3) is estimated to have grown by 0.8 per cent in September after rising by 1.3 per cent in August. Over the year to September M3 rose by 19.1 per cent; this compares with growth of 21.1 per cent for the twelve months to August (tables D1, D2, D3).

Private Sector Credit (PSC) is estimated to have risen by 0.7 per cent in September, having risen 1.4 per cent in August. For the year to September PSC rose by 23.8 per cent which compares with a 26.5 per cent increase for the year to August (tables D2, D3, D4).



Trading bank lending rose 23.5 per cent in the year to October after rising 27.6 per cent in the year to September. *Trading bank deposits* over the same period were up 26.4 per cent, having risen 28.3 per cent in the September year (tables B2, B3, B4, B7, B8, B11). The trading banks' *lending to deposits ratio* fell as a result to 73.1 per cent in October compared with 74.7 per cent in September.

Reserve Bank Bulletin, Vol. 48, No. 12, 1985.



Total credit limits at trading banks for October were 18 per cent higher than a year earlier (table B12).

The level of *Primary Liquidity*, expressed as a daily average (non-seasonally adjusted), rose over October to \$1,640 million compared with \$1,206 million in August and \$1,454 million in September.

In the year to October:

- *Savings bank lending* rose 20.6 per cent and deposits 8.4 per cent;
- *Trustee savings bank lending and deposits* rose 9.4 per cent and 13.1 per cent respectively (table C2);
- *Post Office Savings Bank lending* rose 98.8 per cent while deposits were up 8.7 per cent (table C1);
- *Private savings bank lending* fell 15.8 per cent and deposits 14.8 per cent (table C4);

- *Large finance companies' lending and deposits* increased by 28.9 per cent and 23.4 per cent respectively (table F4);
- *Building societies' lending* rose 8.8 per cent and deposits 8 per cent (table F5).

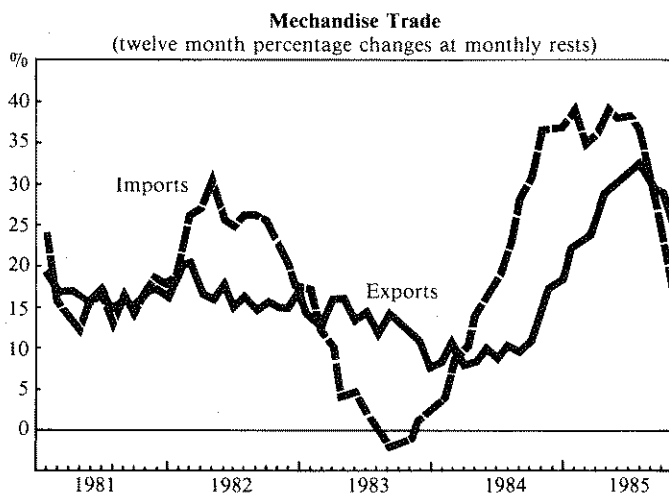
Interest rates on trading bank deposits were largely unchanged over October, although some short-term rates rose slightly (table I2).

External Sector (figures not seasonally adjusted)

A \$93 million net inflow of *private capital* was recorded over September after a net inflow of \$281 million in August (table G4).

The *OET current account deficit* for the year ended September was \$2,591 million compared with \$2,590 million for the year ended August and \$2,002 million for the September 1984 year (table G4).

Merchandise trade import payments exceeded export receipts by \$122.6 million in October. A year earlier imports exceeded exports by \$235.3 million (table G4).



New Zealand's *official overseas reserves* fell by \$457.3 million during September to \$2,520.7 million at the end of the month. The level of reserves at September 1984 stood at \$1,956.2 million (table G1).

Consumption

Retail turnover fell 2.6 per cent in October, after falling 1.2 per cent the previous month. Turnover excluding the automotive sector was down 2.4 per cent (table J1).

New car registrations fell 6 per cent in October, after falling 6.5 per cent in August and 1.2 per cent in September (table J1).

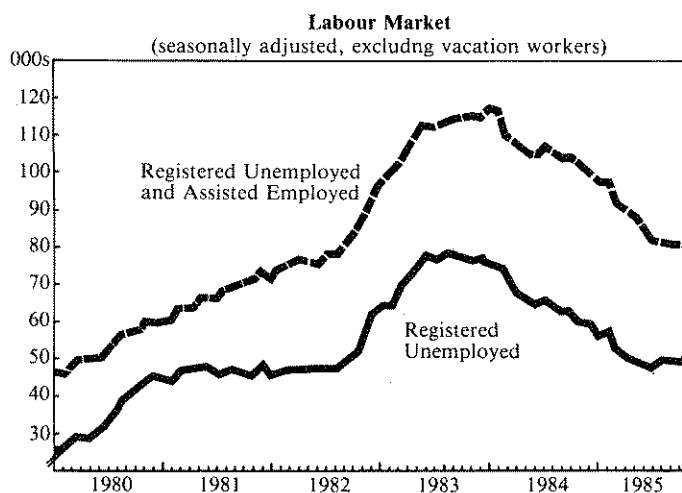
The *value of new hire purchase finance contracts* over the September quarter fell 5.9 per cent after rising 0.7 per cent and 1.6 per cent in the March and June quarters respectively.

Investment

The *number of new dwelling permits* issued in October was 10.9 per cent lower than in September, while the value of permits issued for other buildings in the September quarter rose 36.8 per cent on the June quarter (table J2).

Labour Market

The number of *registered unemployed* rose 2.9 per cent in October to reach 50,782, the largest monthly increase since May 1983. The total of *registered unemployed and assisted employed* rose by 0.3 per cent over the same month to 80,377 (table J4).



Prices

Food prices were unchanged in October, bringing the annual rate of increase in the *Food Price Index* to 14.6 per cent (table J3).

Government Sector (figures not seasonally adjusted)

Government net expenditure for the seven months ended October was 16.3 per cent higher than for the corresponding period in 1984 while *government revenue* was up 14.2 per cent. The *government deficit before borrowing* for the seven months was \$2,549.7 million, 23 per cent higher than for the seven months to October 1984 (table E2).

Note

All quarterly and monthly data are seasonally adjusted unless otherwise stated. The figures in brackets refer to the *Bulletin* tables in which the relevant statistics appear. However, the statistics in the *Bulletin* tables have not been seasonally adjusted and therefore they may differ from the statistics given here.