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## Editor's note

Few topics in central banking are of wider public interest than bank notes and coins. Most of us have at least a passing interest in the design, manufacture and circulation of the currency and we all like to compare our notes and coins with those of other countries. In the first article of this issue, Alan Boaden from the Bank's Currency and Building Services Department reports on New Zealand's experience with polymer bank notes, which were first introduced in 1999, together with changes to the processes used to distribute cash to the registered banks. Alan also discusses the outcome of the recent review of New Zealand's 'silver' coinage, which will see the move to smaller and lighter 10, 20 and 50 cent coins, and the withdrawal of the 5 cent coin from circulation. Coloured pictures of the new coins are included in the article.

The second article is by Khoon Goh, a recent secondee to the Economics Department from the New Zealand Treasury. The article reviews trends in household savings behaviour over the past 15 years, along with other developments in the household balance sheet. There is a useful discussion of how household savings fits within the savings picture for the country as a whole, and a reconciliation of national savings with the country's current account balance. The article also briefly considers the implications of New Zealand's ongoing reliance on foreign savings for the macro-economy at large.

Khoon is also the author of the third article, which provides an overview of the corporate sector, a term used to describe New Zealand's business sector. Comprehensive data covering the sector are lacking, but Khoon has assembled some interesting statistics relating to the scale and size of the sector, its recent profitability, and balance sheet developments. A key finding is that the corporate sector has enjoyed strong profit growth and increased margins over the past few years on the back of strong economic growth. The debt-to-profit and debt-to-asset ratios of the sector appear to have fallen.

In the fourth article, Hannah Kite of the Economics Department provides an overview of New Zealand's retail sector. The article reports strong growth in retail sales over the past five years, but also finds that the scale of the sector (the number and size of retail operators) has been expanding at the same time. This appears to have

constrained profitability for retailers as well as maintaining competitive pressure within the sector. Another interesting area discussed is pricing, with some dramatic movements in pricing evident in some parts of the retail sector due to a variety of factors.

Finally, this issue includes a recent speech by the Governor that should be of interest to anyone wishing to keep abreast of the latest policy developments in banking regulation and supervision in New Zealand.

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