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## FOR THE RECORD

### DISCUSSION PAPERS

DP2009/11

#### A cobweb model of financial stability in New Zealand

*Paul Bedford and Chris Bloor, November 2009*

Financial turbulence over the past two years has generated increased interest in the analysis of financial stability. However, such analysis often suffers from conceptual difficulties and a lack of measurability. This paper develops a 'cobweb model' for analysing financial stability in New Zealand. A key objective of this cobweb model is to depict the Reserve Bank of New Zealand's assessment of financial stability in a single diagram that will enable better communication of the main risks facing New Zealand's financial system. The results of this model are displayed using a cobweb-style diagram, with five dimensions constructed using a wide range of quantitative indicators, supplemented by expert judgement where necessary. It is anticipated that this cobweb diagram will become the focal point of the Reserve Bank's *Financial Stability Report*.

DP2009/12

#### A quarterly post-World War II real GDP series for New Zealand

*Viv B Hall and C John McDermott, November 2009*

There are no official quarterly real GDP estimates for New Zealand, for the period prior to 1977. We report the development of a seasonally adjusted series for a period of more than 60 years from mid-1947, and evaluate statistical properties. The series were developed by linking quarterly observations from two recent official series to temporally disaggregated observations for an earlier time period. Annual real GDP series are disaggregated, using the information from two quarterly diffusion indexes, developed by Haywood and Campbell (1976). Three econometric models are used: the Chow and Lin (1971) model that disaggregates the level of GDP; and the Fernández (1981) and Litterman (1983) models that disaggregate changes in GDP. Our preferred quarterly series is based on results generated from the

Chow-Lin model. We assess movements in the new series against qualitative findings from New Zealand's post-WWII economic history.

DP2009/13

#### The "suite" smell of success- Complementary personnel practices and firm performance

*Richard Fabling and Arthur Grimes, December 2009*

How do personnel practices affect firm performance? To examine this issue we use a panel of over 1,500 New Zealand firms, drawn from a diverse range of industries. The panel comprises respondents to official surveys of management practices in 2001 and 2005. These surveys ask a wide range of comparable qualitative questions covering organisational practices including human resource management (HRM). To this panel, we link longitudinal firm performance data from Statistics New Zealand's Longitudinal Business Database. We find that suites of complementary HRM-related practices impact positively on firm productivity and wages; effects on employee turnover depend on the practices considered.

DP2009/14

#### Impulse Response Identification in DSGE Models

*Martin Fukac, December 2009*

DSGE models have become a widely used tool for policymakers. This paper takes the global identification theory used for structural vectorautoregressions, and applies it to dynamic stochastic general equilibrium (DSGE) models. We use this modified theory to check whether a DSGE model structure allows for unique estimates of structural shocks and their dynamic effects. The potential cost of a lack of identification for policy oriented models along that specific dimension is huge, as the same model can generate a number of contrasting yet theoretically and empirically justifiable recommendations. The problem and methodology are illustrated using a simple New Keynesian business cycle model.

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DP2009/15

**Measuring Output Gap Uncertainty**

*Anthony Garratt, James Mitchell, and Shaun P. Vahey, December 2009*

We propose a methodology for producing density forecasts for the output gap in real time using a large number of vector autoregressions in inflation and output gap measures. Density combination utilizes a linear mixture of experts framework to produce potentially non-Gaussian ensemble densities for the unobserved output gap. In our application, we show that data revisions alter substantially our probabilistic assessments of the output gap using a variety of output gap measures derived from univariate detrending filters. The resulting ensemble produces well-calibrated forecast densities for US inflation in real time, in contrast to those from simple univariate autoregressions which ignore the contribution of the output gap. Combining evidence from both linear trends and more flexible univariate detrending filters induces strong multi-modality in the predictive densities for the unobserved output gap. The peaks associated with these two detrending methodologies indicate output gaps of opposite sign for some observations, reflecting the pervasive nature of model uncertainty in our US data.

DP2009/16

**Structural Macro-Econometric Modelling in a Policy Environment**

*Martin Fukac and Adrian Pagan, December 2009*

In this paper we review the evolution of macroeconomic modelling in a policy environment that took place over the past sixty years. We identify and characterise four generations of macro models. Particular attention is paid to the fourth generation – dynamic stochastic general equilibrium models. We discuss some of the problems in how these models are implemented and quantified.

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## NEWS RELEASES

### Medals of Sir Edmund Hillary on display

22 September 2009

The Reserve Bank Museum is hosting an exhibition of the orders, decorations and medals of the late Sir Edmund Hillary, KG, ONZ, KBE.

The exhibition reflects a lifetime of extraordinary achievements that included the first ascent of Mount Everest, the first overland drive to the South Pole, and many projects to benefit the people of the Himalayas.

Acting Governor Grant Spencer said the Reserve Bank Museum was honoured to host the temporary exhibition.

“The loan of the medals to the Museum extends the special relationship the Bank has had with Sir Edmund and his family since 1992, when his portrait appeared on the five dollar note.”

At the time Sir Edmund was the only living person, other than the Queen, to appear on circulating currency. A large portrait window featuring the five dollar note is one of the main features of the Reserve Bank Museum.

Sir Edmund’s achievements and work made him a highly respected and well known name in New Zealand and internationally. He was made High Commissioner to India in 1984, three years later appointed to the Order of New Zealand, and in 1995 was made a Knight of the Garter.

Medals and awards on temporary display include the Knight Companion of the Most Noble Order of the Garter, the Letters Patent for his personal Coat of Arms, the Order of the Gurkha Right Arm, and a range of medals and awards from such diverse organisations as the American Geographical Society, the French Geographical Society, and many governments around the world.

The exhibition is open to the public on Tuesday 22 September.

The Museum is open to the public weekdays 9.30am–4.00 pm, except for special events. Entry is free. The Reserve Bank Museum is located in the Reserve Bank Building, 2 The Terrace, Wellington.

### Reserve Bank *Bulletin* released

30 September 2009

Strengthening the economy in light of the economic and financial crisis, and lessons that can be learned from history, are the focus of the September 2009 Reserve Bank of New Zealand *Bulletin*, released today.

The issue opens with an article by Kevin Hoskin and Stuart Irvine about the minimum capital levels that the four largest banks in New Zealand need to hold, under the Basel II international bank capital framework. A sound financial system requires banks to hold sufficient capital at all times.

Greater transparency in fiscal policy is the focus of the second article. Eric Leeper, Professor of Economics at Indiana University, discusses how enhanced transparency could make fiscal policy more predictable and effective, similar to the way in which greater transparency about monetary policy around the world has improved the effectiveness of monetary policy.

Matthew Wright focuses on the lessons that can be learned from history by discussing in the third article the socio-economic and political aspects of the 1930s Great Depression.

Our fourth article is an interview with Michael Bordo, Professor of Economics and Director of the Center for Monetary and Financial History at Rutgers University in New Brunswick, New Jersey. Professor Bordo talks about his research on financial crises, New Zealand’s financial vulnerability, and challenges in handling the financial crisis.

The fifth article is the text of a public speech delivered in Wellington by Howard Davies, Director of the London School of Economics, to mark the occasion of the Reserve Bank’s 75th Anniversary this year. Howard Davies looks at the various parties involved in the current crisis and asks: whodunnit?

The *Bulletin* concludes with the paper for a speech given by Governor Alan Bollard in July 2009, about the recovery from the current crisis. The Governor looks at the impact of the crisis on New Zealand, and at the factors that will promote sustainable growth and reduce the New Zealand economy’s vulnerability in the future.

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## Reserve Bank releases 2008-09 *Annual Report* 9 October 2009

New Zealand has escaped major damage in the worst global financial crisis in decades, but the experience has highlighted imbalances and vulnerabilities, the Reserve Bank says in its 2008-2009 *Annual Report* released today.

“Prior to the crisis, households had been consuming beyond their incomes, borrowing heavily offshore through their banks. In the past two years there has been a substantial correction in household savings and the external payments imbalance. However, further improvements will be needed to stop our international debt position from mounting further,” Reserve Bank Governor Alan Bollard said today, when releasing the *Annual Report*.

The recent appreciation of the exchange rate has not supported the shift towards the export and import-competing industries that will be necessary to improve this situation, he added. “On these trends, there is a real risk that recent improvements in the external balance will be reversed.”

The *Report* notes the importance of the Bank’s full-service role, enabling it to integrate its policy tools across monetary policy, financial stability and prudential supervision.

“In response to the financial crisis we coordinated a range of policy measures, including the fastest and furthest fall in the OCR on record, and ensuring banks could obtain funding by allowing them to borrow from the Reserve Bank, using a broader range of facilities and collateral,” Dr Bollard said.

He said there were important lessons from the experience of the last few years. “International regulators are likely to require better tools to regulate financial systems over the economic cycle, including stronger liquidity and capital adequacy standards. We will assess these developments in the New Zealand context as they emerge. In the meantime the Bank has introduced a new prudential liquidity policy for banks which aims to address the main vulnerability of the New Zealand system that was exposed during the crisis.”

He also noted that, in the wake of considerable weakness in the non-bank sector over recent years, progress is well underway to implement the new prudential regime for non-bank deposit takers.

The Bank’s crisis liquidity measures and earlier foreign exchange intervention carried risks to the Bank’s balance sheet that continued to require careful management. The Bank’s total assets expanded over the year to 30 June 2009 by approximately \$6 billion, to reach \$31 billion. The Bank’s equity at 30 June was \$3.0 billion.

Dr Bollard said that significant reductions in interest rates and exchange rates in the 2008-09 financial year meant that the Bank recorded a net profit of \$906 million and paid a dividend of \$630 million to the Government.

“This is a strong financial result which reflects abnormally large changes in market conditions,” Dr Bollard said. However, he warned that the Bank’s future financial performance can be expected to be more volatile than it has been in recent years.

In recognition of the seriousness of the financial crisis, the Governor, Deputy Governor and two Assistant Governors requested they be given no remuneration increase in calendar year 2009.

## Some temporary crisis liquidity facilities to be removed

14 October 2009

The Reserve Bank announced today that it will be removing and consolidating some of the temporary emergency liquidity facilities put in place during the financial crisis in 2008.

The specific measures include:

- The removal of the Term Auction Facility (TAF) where banks have been able to borrow funds for 3, 6 and 12 months using eligible collateral (such as Residential Mortgage Backed Securities (RMBS), registered bank bills, NZ Government securities etc).
- A change to the regular Tuesday Open Market Operation (OMO) to allow all eligible securities (including corporate securities and RMBS) to be acceptable collateral for repurchase transactions of maturity up to three months. Currently, only approved Corporate and Asset-backed securities are acceptable as collateral in this OMO for terms of up to two months. The regular weekly OMO will continue until the end of March 2010 when it will

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be reviewed with a view to discontinuing it if market conditions allow.

- A shortening of the maximum term over which funds may be borrowed from the Bank in the Overnight/Term Reverse Repo Facility (ORRF/TRRF) from one month to an overnight basis only. All currently approved eligible collateral (including corporate securities and RMBS) will remain acceptable in the ORRF.
- The withdrawal of the regular weekly Reserve Bank bill tender. The Bank will continue to offer Reserve Bank bills as required in the daily OMO.

The changes announced above will take effect from the beginning of November, with the final TAF and Reserve Bank bill tenders scheduled for the week beginning of 26 October. For details on the Bank's liquidity facilities refer to <http://www.rbnz.govt.nz/finmarkets/domesticmarkets/3329772.html>.

Commenting on the measures Reserve Bank Deputy Governor Grant Spencer said: "Financial market conditions have improved significantly since 2008 when these facilities were introduced. New Zealand banks are now able to readily access funding from the markets, and the usage of these special facilities has been very low in the last six months. The Bank feels that the time has come to start removing and consolidating the temporary crisis facilities.

"The Reserve Bank will continue to monitor markets closely and is in a position to supply sufficient liquidity as required depending on market conditions via its regular Open Market Operations.

"This decision has no implications for the stance of monetary policy."

## **Government passes law on money laundering**

**15 October 2009**

A bill that boosts measures to counter money laundering by criminal gangs and organised crime, and which counters the financing of terrorism, was passed into law today.

Justice Minister Simon Power said the Anti-Money Laundering and Countering Financing of Terrorism Act will help tackle

financial and drug-related crime by assisting Police to detect and trace profits of organised crime groups.

"This Act enhances our ability to investigate organised crime, by following the illegal money trail through financial systems, and goes hand-in-hand with the Criminal Proceeds (Recovery) Act, passed by the Government in April, which can be used to attack criminal profits.

"This is also another weapon in the fight against methamphetamine, in that it will be an impediment to the laundering of money from such activities by the criminal gangs.

"The Act will also ensure that New Zealand's financial sector continues to be attractive to legitimate international investors, and is not seen as a safe haven for organised criminals and tax evaders.

"New Zealand cannot be seen as a weak link for organised criminals and terrorists.

"This Act will allow us to better contribute to the international fight against money laundering, tax evasion, and terrorism financing.

"It implements measures established by the Financial Action Task Force (FATF) – an inter-governmental body that sets international standards for combating money laundering and terrorist financing.

"Most of New Zealand's trading partners are included in the task force, and not implementing its measures puts our reputation and access to international financial markets at risk."

Mr Power said the legislation provided for a lead-in time for financial service providers and casinos to make sure they have measures in place to, for example, check their customers are who they say they are, and systems that can identify and report suspicious activity.

"As far as possible, the Act enables businesses to focus their resources on those customers or products that represent the most risk," Mr Power said.

"It recognises that effective control of money laundering requires a collaborative approach between industry and government.

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“The Reserve Bank, the Securities Commission, and the Department of Internal Affairs are tasked with supervisory roles and will support the new regime as it is phased in.

“The legislation brings this aspect of our financial sector regulation into line with those countries to whom we might like to compare ourselves, such as Australia.”

### **Prudential liquidity policy for banks finalised**

**22 October 2009**

The Reserve Bank today released the finalised version of its prudential liquidity policy for banks, originally announced at the end of June.

Since issuing the policy on 30 June, the Reserve Bank has been engaged in extensive consultation with the banks and this has resulted in some changes to the initial liquidity ratio definitions as well as changes in the overall calibration of the requirements.

Deputy Governor Grant Spencer said: “In light of feedback on the initial policy, the Reserve Bank is now giving the banks more time to set up the systems they need to monitor compliance with the required minimum liquidity standards. So while the policy framework has now been formally imposed on the large Australian subsidiaries and on the locally-owned banks, they will have until 1 April 2010 to meet the requirements of the policy.”

The policy includes a minimum one-year Core Funding Ratio (CFR), which aims to ensure that banks hold sufficient retail and longer-dated wholesale funding. The minimum for the CFR will start at 65 percent. The Reserve Bank plans to increase this minimum to 70 percent from 1 July 2011 and to 75 percent from 1 July 2012.

The Reserve Bank will shortly extend the policy to all other registered banks, including the foreign bank branches. The ratio requirements will be adapted for them on a case-by-case basis, taking account of factors such as their home country prudential liquidity requirements.

### **OCR unchanged at 2.5 percent**

**29 October 2009**

The Official Cash Rate (OCR) remains unchanged at 2.5 percent.

Reserve Bank Governor Alan Bollard said: “There are welcome signs that economic activity is growing again.

“Activity in New Zealand’s trading partners continued to rebound during the September quarter and financial market sentiment has improved further. However, there remain significant vulnerabilities and challenges to be worked through in many economies. This process could weigh on global growth going forward.

“In New Zealand, the housing market has reversed some of the decline in prices experienced over the past couple of years and a very gradual increase in household spending appears to be taking place. Government spending is also supporting activity. Business spending, however, remains weak and credit growth is very subdued.

“The high level of the New Zealand dollar has limited the scope for exports to contribute to the recovery, and reinforces a bias towards domestic expenditure. After some short-term correction it is also likely to see the current account deficit begin to widen in the medium term.

“The current composition of growth continues to raise questions about its sustainability. These concerns would intensify if credit growth began to propel stronger domestic demand.

“Annual CPI inflation is expected to continue to track comfortably within the target range over the medium term.

“The forecast recovery in economic activity is based on fiscal and monetary policy continuing to provide substantial support to the economy. We think such support remains appropriate. Further ahead, removing some of the current fiscal stimulus is likely to reduce the work that monetary policy will otherwise need to do.

“In contrast to current market pricing, we see no urgency to begin withdrawing monetary policy stimulus, and we expect to keep the OCR at the current level until the second half of 2010.”

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## NZ is not Australia, but could be their lucky neighbour

5 November 2009

Financial markets and businesses need to appreciate the different futures New Zealand and Australia are charting out of the global financial crisis, Reserve Bank Governor Alan Bollard said today.

Speaking to Trans-Tasman Business Circle in Auckland, Dr Bollard said both countries have survived the crisis well, due to a mix of strong institutions and stimulative policies.

“However, their immediate prospects are different. Australia has avoided negative growth, and its prospects are driven by strong terms of trade, vast mineral deposits, the Chinese market, and rapid population growth.

“New Zealand has had a recession, and the pick-up is slower and more vulnerable – a difference financial markets do not appear to appreciate.

“This is particularly evident in the relatively stable cross-rate on foreign exchange markets. If financial markets can’t see the differences, they will eventually lose money, and it will hurt the New Zealand economy.”

Dr Bollard said New Zealand could improve its prospects by taking advantage of Australia’s very strong future growth potential. “Australia is a lucky country, but we could be a lucky neighbour.”

Australia is entering a new minerals boom, investing heavily and encouraged by new finds, re-opening markets, bottlenecks and strong prices. Strong investment and export growth would mean big challenges for Australian policy. “This all means an economy that looks less like New Zealand.”

However, Australia’s potential raised the prospects for New Zealand’s manufacturers and services, which have a bigger share of exports than the same sectors in Australia.

“Australia will likely be a very strong growth market, and could help New Zealand to indirectly benefit from East Asian growth. Less inflation pressure here will help our competitiveness, assisted by relative exchange rate stability and the spreading Single Economic Market.

“New Zealand and Australia have very different resource endowments, financial markets treat us like Australia, but actually we are quite different. We talk about catching up with Australian incomes, but we have better chances of taking advantage of their growth.”

## November 2009 *Financial Stability Report* released

11 November 2009

The outlook for the New Zealand economy and financial system has improved in the past six months as international conditions have stabilised, but some risks and challenges remain, Reserve Bank Governor Alan Bollard said today when releasing the Bank’s November 2009 *Financial Stability Report*.

“Financial market strains have eased, equity markets have mounted a recovery and confidence has improved. Economic forecasts are now tending to be revised upwards rather than downwards. However, global recovery has been fuelled by stimulatory fiscal and monetary policy settings which cannot be kept in place forever. Also, the global banking system remains vulnerable to further shocks.”

Dr Bollard noted that while the improved global outlook was generally positive for New Zealand, the rise in the New Zealand dollar over recent months could hinder continued improvement in the external balance. “The New Zealand economy needs to live more within its means to reduce its vulnerability to adverse developments in offshore markets.

“While we see some progress to recover savings and reduce our current account deficit, there is still a considerable adjustment needed to reduce our vulnerability to external shocks. To assist this we need to ensure there is no return to a debt-fuelled housing cycle, which would likely bring with it further exchange rate pressure and erosion of competitiveness.”

Commenting on the financial system, Deputy Governor Grant Spencer said that banks in New Zealand and Australia had withstood the crisis better than those in many other countries. However, the banks were overly dependent on offshore wholesale capital markets which broke down during

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the crisis. Also, the banks' asset quality has deteriorated during the recession, as reflected in recent provisioning and profit results. Further loan losses are likely as unemployment continues to rise through into 2010.

Mr Spencer noted that the improvement in global financial markets is now making it easier for the banks to raise funds in the international markets. "For this reason we are now starting to remove some of our special liquidity facilities that were brought in to support the banks during the crisis.

"The banks nevertheless remain very cautious in their credit and funding decisions. While generally supporting this approach, we have continued to emphasise that the banks should not overly restrict lending to the business sector.

"In support of the banks' more careful approach to liquidity, we have recently introduced a new prudential liquidity policy that is intended to reduce the banks' vulnerability to short-term wholesale funding markets. This policy comes into force in April 2010.

"We also expect that international policy reforms through the Basel Committee will see a tightening of bank capital adequacy standards over the next year or two. We will be watching these developments closely to assess which reforms are suitable for introduction in New Zealand."

Mr Spencer said many non-banks remain under pressure as they seek to repair the damage to balance sheets from the recession. "The non-bank sector is now also faced with the challenge, over the coming year, of meeting the requirements of the Reserve Bank's new non-bank prudential regime. In meeting these challenges, we fully expect to see further rationalisation and closures. The government has extended the deposit guarantee for a year to help the sector through this difficult period."

## **OCR unchanged at 2.5 percent**

*10 December 2009*

The Official Cash Rate (OCR) remains unchanged at 2.5 percent.

Reserve Bank Governor Alan Bollard said: "The New Zealand economy continues to recover but there remains considerable uncertainty about the durability of the expansion.

"Global activity has continued to rebound. Most obviously, activity in Australia, China and emerging Asia continues to increase and solid growth is expected over the next few years.

"The picture is more mixed in the major developed economies. While activity is expanding, sustained growth is not assured. Financial sectors are still impaired in a number of economies and economic activity is still heavily dependent on policy support.

"In New Zealand, the economy continues to recover, reflecting improved world growth, higher export commodity prices, increased government spending and housing strength. A key uncertainty is the extent to which higher house prices are eventually reflected in increased consumer spending. At this point credit growth remains subdued suggesting households are being relatively cautious.

"While business confidence has improved, actual business spending remains weak. In addition, the high level of the New Zealand dollar has limited the scope for exports to contribute to the recovery. After some short-term correction the current account deficit is expected to widen in the future.

"Annual CPI inflation is expected to remain below 2 percent until early 2011 and track within the target range over the medium term.

"The economy is being assisted by both monetary and fiscal policy support. As growth becomes self sustaining, fiscal consolidation would help reduce the work that monetary policy might otherwise need to do.

"If the economy continues to recover, conditions may support beginning to remove monetary stimulus around the middle of 2010. Recent tightening in financial conditions, driven by a higher exchange rate, increased long-term interest rates and a wider gap between the OCR and bank funding costs, reduces the need for more immediate action."

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## PUBLICATIONS

### Regular publications

*Annual Report*

*Financial Stability Report*

*Monetary Policy Statement*

*Reserve Bank of New Zealand Statement of Intent, 2007-2010*

Published in October each year.

Published six-monthly. A statement from the Reserve Bank on the stability of the financial system.

Published quarterly. A statement from the Reserve Bank on the conduct of monetary policy.

### Recent Reserve Bank Discussion Papers

#### 2009

DP2009/01	Revealing monetary policy preferences <i>Christie Smith</i>
DP2009/02	Real-time conditional forecasts with Bayesian VARs: An application to New Zealand <i>Chris Bloor and Troy Matheson</i>
DP2009/03	Evaluating household expenditures and their relationship with house prices at the microeconomic level <i>Mark Smith</i>
DP2009/04	Forecasting national activity using lots of international predictors: an application to New Zealand <i>Sandra Eickmeier and Tim Ng</i>
DP2009/05	Using wavelets to measure core inflation: the case in New Zealand <i>David Baqaee</i>
DP2009/06	Analysing wage and price dynamics in New Zealand <i>Ashley Dunstan, Troy Matheson and Hamish Pepper</i>
DP2009/07	Developing stratified housing price measures for New Zealand <i>Chris McDonald and Mark Smith</i>
DP2009/08	Evaluating a monetary business cycle model with unemployment for the Euro area <i>Nicolas Groshenny</i>
DP2009/09	Entrepreneurship and aggregate merchandise trade growth in New Zealand <i>Richard Fabling and Lynda Sanderson</i>
DP2009/10	A theoretical foundation for the Nelson and Siegel class of yield curve models <i>Leo Krippner</i>
DP2009/11	A cobweb model of financial stability in New Zealand <i>Paul Bedford and Chris Bloor</i>
DP2009/12	A quarterly post-World War II real GDP series for New Zealand <i>Viv B Hall and C John McDermott</i>
DP2009/13	The "suite" smell of success- Complementary personnel practices and firm performance <i>Richard Fabling and Arthur Grimes</i>
DP2009/14	Impulse Response Identification in DSGE Models <i>Martin Fukac</i>
DP2009/15	Measuring Output Gap Uncertainty <i>Anthony Garratt, James Mitchell, and Shaun P. Vahey</i>
DP2009/16	Structural Macro-Econometric Modelling in a Policy Environment <i>Martin Fukac and Adrian Pagan</i>

A full list of Discussion Papers is available from Administration, Economics Department.

### Selected other publications

*Testing stabilisation policy limits in a small open economy: proceedings from a macroeconomic policy forum*  
*Finance and Expenditure Select Committee inquiry into the future monetary policy framework: submission by the Reserve Bank of New Zealand*

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**Pamphlets**

*Explaining Currency*

*Explaining Monetary Policy*

*The Reserve Bank and New Zealand's Economic History*

*This is the Reserve Bank*

*Your Bank's Disclosure Statement – what's in it for you?*

*Snakes and Ladders – a guide to risk for savers and investors, by Mary Holm*

**For further information, go to [www.rbnz.govt.nz](http://www.rbnz.govt.nz), or contact:**

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## Articles in recent issues of the Reserve Bank of New Zealand *Bulletin*

### Vol. 71, No. 4, December 2008

#### Liquidity and the New Zealand financial system

Evolution of the Reserve Bank's liquidity facilities

The global financial crisis and its transmission to New Zealand – an external balance sheet analysis

The Reserve Bank's payment system oversight role applied to settlement risk in the retail payment system

New legislation for regulation of non-bank deposit takers

Results from the recent survey of *Bulletin* readers

### Vol. 72, No. 1, March 2009

Financial vulnerability of mortgage-indebted households in New Zealand – evidence from the Household Economic Survey

Thinking about more than one thing at a time: Eric Leeper on monetary and fiscal policy interactions

Recent trends and developments in currency

Overview of a recent Reserve Bank workshop: nowcasting with model combination

Coping with global financial and economic stresses

### Vol. 72, No. 2, June 2009

#### Forecasting the New Zealand economy

Introducing KITT: the Reserve Bank of New Zealand's new DSGE model for forecasting and policy design

The use of statistical forecasting models at the Reserve Bank of New Zealand

The Reserve Bank's process for forecasting business investment

The demographics of household inflation perceptions and expectations

Exchange rates and export performance: evidence from micro-data

The evaporation of trust: Prasanna Gai on financial crises

### Vol. 72, No. 3, September 2009

Quality of bank capital in New Zealand

Anchoring fiscal expectations

'Mordacious years': socio-economic aspects and outcomes of New Zealand's experience in the Great Depression

Financial crises, sound policies and sound institutions: an interview with Michael Bordo

The financial crisis: whodunnit?

Economic recovery