

ECONOMIC UPDATE

Monetary Indicators

The level of *primary liquidity* rose over April to \$1,019 million as a daily average compared to \$735 million for March.

Trading bank deposits rose by 3.4 per cent in April following a 5.8 per cent increase in March. For the year to April deposits rose by 28.4 per cent, compared to 25.4 per cent in the year to March. *Trading bank lending* fell by 0.4 per cent in April following four consecutive months of strong growth. In the year to April lending increased by 26.2 per cent, down from 27.5 per cent recorded in the twelve months to March (tables B.2, B.3, B.4, B.7, B.8, B.11).

The trading banks *lending to deposit ratio* fell to 77.8 per cent in April, down from 80.4 per cent in March.

Total credit limits at trading banks rose 1.3 per cent in March and were 19 per cent higher than in March 1984 (table B.12).

In the twelve months to April:

— Savings bank *lending* rose by 14.3 per cent and *deposits* by 8.7 per cent.

— Trustee savings banks (TSB) *lending* and *deposits* were up by 13.3 per cent and 15.5 per cent respectively (table C.2).

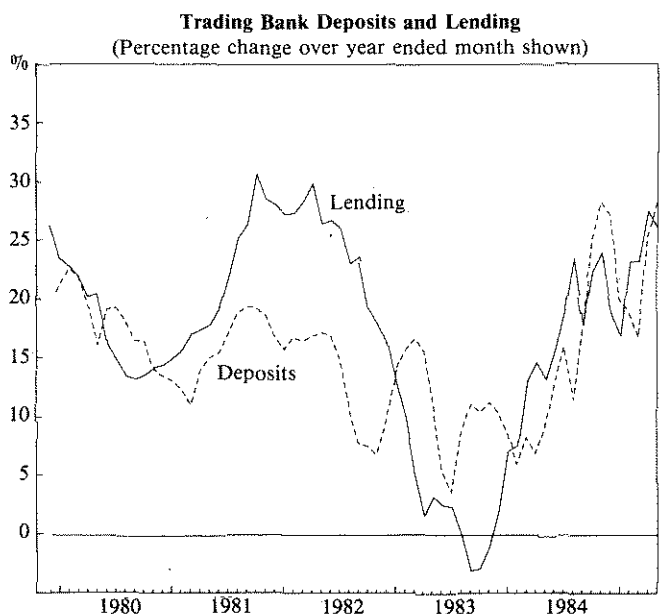
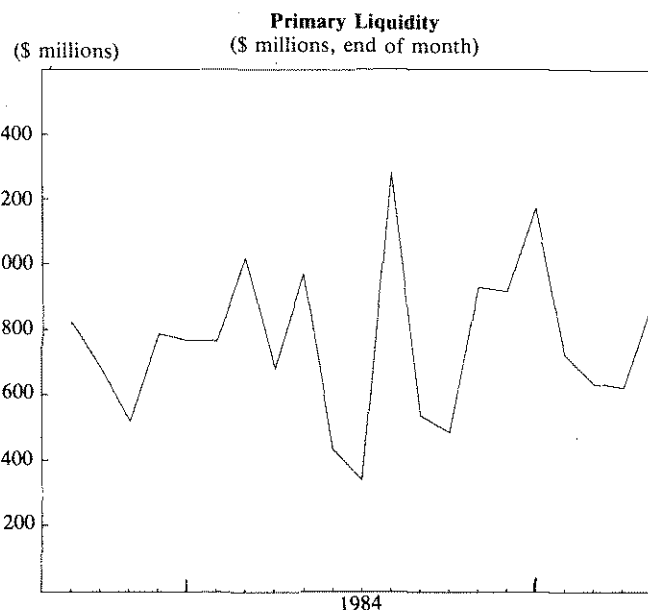
— Post Office Savings Bank (POSB) *lending* increased by 50.8 per cent and *deposits* by 8.5 per cent (table C.1).

— Private savings bank (PSB) *lending* and *deposits* fell by 11.4 per cent and 15.7 per cent respectively (table C.3).

— Large finance companies' *lending* and *deposits* are estimated to have risen by 22 per cent and 21.7 per cent respectively (table F.4).

— Building societies' *lending* rose by 14.9 per cent and *deposits* by 10.3 per cent (table F.5).

Trading bank deposit interest rates for terms of less than one year tended to ease slightly during April while rates on longer terms, particularly between 1–2 years, increased (table I.2).



External Sector

A net *private capital* outflow of \$197.2 million was recorded for March. Over the year to March there was a net inflow of \$1,899.0 million (table G.4).

Estimates of the value of *merchandise trade* for April show an excess of *imports* over *exports* of \$1.1 million. A year earlier exports for the month exceeded imports by \$7.7 million. Over the twelve months to April exports rose 29.2 per cent and imports 38.9 per cent.

The *OET current account deficit* for March increased to \$293.0 million, and the deficit for the year ended March 1985 increased to \$2,675.7 million. This compares with a deficit of \$991.6 million in the twelve months to March 1984 (table G.4).

The substantial repayment of official overseas debt in the March 1985 quarter contributed to *official overseas reserves* falling sharply to \$1,970.3 million at the end of March. This was still above the year earlier level of \$1,281.1 million (table G.1).

Labour Market

The number of *registered unemployed* fell 2.5 per cent in April to 49,350, following a 4.4 per cent fall in March. Of these 34.4 per cent had been registered for thirteen or more weeks, compared to 40 per cent a year earlier. The total of *registered unemployed and assisted employed* declined by 1.7 per cent over the same month to 87,722, 17 per cent below the April 1984 figure (table J.4).

Contributing to the decline in unemployment was a net outflow of 2,015 *permanent and long-term migrants* in April. This followed net outflows of around 1,500 over the previous two months. For the year to April there was a net outflow of 9,873 permanent and long-term migrants compared to a net inflow of 5,324 in the twelve months to April 1984.



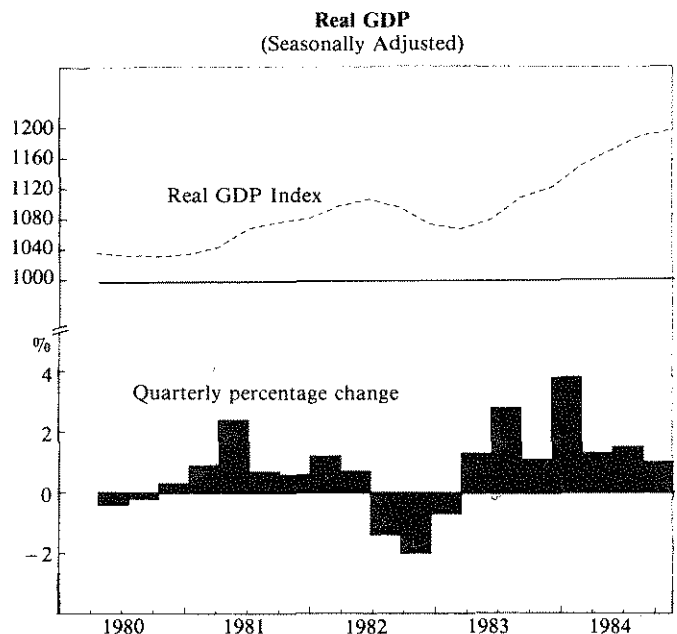
Reserve Bank Bulletin, Vol. 48, No. 6, 1985.

Government Sector

Government net expenditure for the year ended March was \$15,322.6 million, 7.5 per cent up on the previous year. *Government revenue* for the year, \$12,539.1 million was 12.5 per cent higher than for the year to March 1984. The *government deficit before borrowing* fell to \$2,783.5 million, compared to \$3,100.7 million a year earlier (table E.2).

National Income

Revised estimates of *real GDP* show an increase of 0.5 per cent in the December quarter 1984, following two successive quarterly increases of close to 1.5 per cent. Growth for the year to December remained high at 7.6 per cent, compared with zero annual growth to December 1983. (Provisional figures had given a December quarterly increase of 1 per cent and annual growth of 8.5 per cent.)



Investment

The number of *dwelling permits* issued in April (excluding additions and alterations) is estimated to be 1,711, 1.5 per cent down on the previous month. The annual number of permits issued remains steady at around 22,000. Meanwhile the *value of permits issued for other buildings* for the year to February (excluding additions and alterations) was 34.3 per cent higher than for the previous twelve months (table J.2).

Consumption

Real retail turnover fell 1.8 per cent over the March quarter, following a 2.7 per cent decrease in the previous quarter. Turnover excluding the automotive sector fell 0.9 per cent, the same decline as that recorded over the December quarter. For the month of March total turnover in nominal terms rose 3.4 per cent, following increases of close to one per cent in the previous two months (table J.1).

New car registrations, the leading indicator of retail turnover trends in the automotive sector, rose 14.7 per cent in April, following a rise of 2 per cent in the previous month (table J.1).

Retail stocks rose 5.6 per cent over the March quarter following a 3.2 per cent increase over the three months to December. This contributed to the stocks/trade ratio rising 3.3 per cent (table J.2).

Note: All quarterly and monthly data is 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.

Real Retail Turnover
(Seasonally adjusted; quarterly percentage change)

