

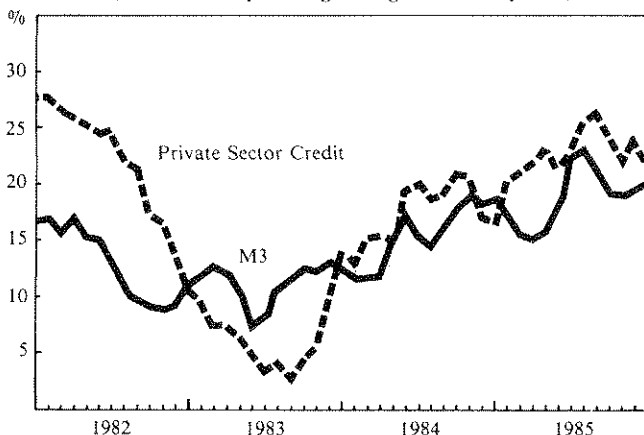
ECONOMIC UPDATE

Monetary Indicators

The *Money Supply* (M3) is estimated to have grown 1.5 per cent in December after rising 1.4 per cent in November. For the year ended December M3 rose 20.1 per cent compared with a 19.6 per cent increase for the November year (D1, D2, D3).

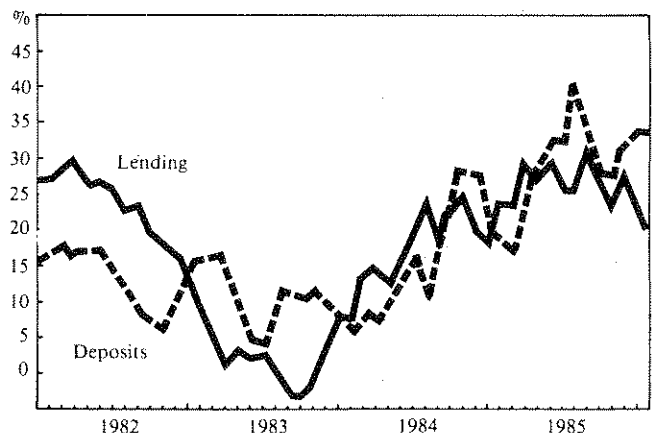
Private Sector Credit (PSC) rose by 0.3 per cent over December following 1.4 growth in November. Over the twelve months to December PSC is estimated to have risen 21.1 per cent which compares with a 24 per cent increase for the year ended November (D2, D3, D4).

Monetary Aggregates
(twelve month percentage changes at monthly rests)



Trading bank lending rose 20.2 per cent in the year to January having risen 23.9 per cent in the year to December. *Trading bank deposits* over the same period were up 34.5 per cent, unchanged from the December year increase (B2, B3, B4, B7, B8, B11). As a result, the *trading banks' lending to deposits ratio* rose to 72 per cent in January compared with 71.4 per cent in the previous month and 80.9 per cent in January 1985.

Trading Bank Deposits and Lending
(twelve month percentage changes at monthly rests)



Total credit limits at trading banks in December were 19.2 per cent higher in annual terms (B12).

The level of *primary liquidity*, expressed as a daily average (non-seasonally adjusted), fell over January to \$2,298 million compared with \$2,397 million in December.

In the year to December:

- *Savings bank lending* rose 19.6 per cent and *deposits* 7.2 per cent.
- *Trustee savings bank lending* and *deposits* increased by 7.4 per cent and 10.3 per cent respectively (C2).
- *Post Office Savings Bank lending* rose 96.1 per cent and *deposits* 9 per cent (C1).
- *Private savings bank lending* and *deposits* fell 16.8 per cent and 15.9 per cent respectively (C4).
- *Large finance companies' lending* rose 25.6 per cent and *deposits* 25.5 per cent (F4).
- *Building societies' lending* and *deposits* were up 8.2 per cent and 10.1 per cent respectively (F5).

Trading bank deposit interest rates on terms of less than twelve months fell sharply over December while longer term rates were virtually unchanged (I2).

External Sector

(Figures not seasonally adjusted.)

A \$22 million net inflow of *private capital* was recorded over November after eight successive months of net outflows (G4).

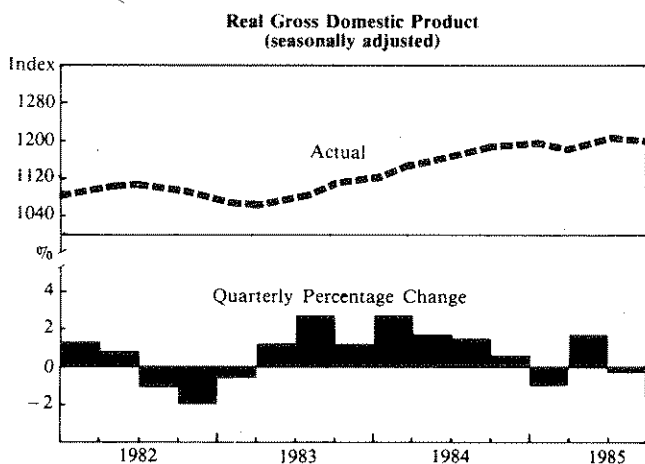
The *OET current account deficit* for the year ended November was \$2,548 million compared with \$2,390 million for the year ended October and \$2,012 million for the November 1984 year (G4).

Merchandise trade figures for December show an excess of exports over imports of \$176.2 million. A year earlier imports for the month exceeded exports by \$29.8 million (G4).

New Zealand's *official overseas reserves* rose by \$360.3 million during December to an end-of-month level of \$3,254.9 million. At the end of December 1984 reserves stood at \$3,698.4 million (G1).

National Income

After rising 1.7 per cent in the June quarter, *real GDP* fell by 0.3 per cent in the September quarter. The increase for the year ended September was 3.2 per cent, down from the 4.7 per cent growth rate recorded for the year ended June. The largest falls in the quarter were recorded in the trade, restaurants and hotels industry and the agricultural sector while the strongest increases were in the electricity, gas and water group, and the construction sector.



Investment

The number of new dwelling permits issued in December was a sharp 17.6 per cent down on the number issued in November. The number issued over the twelve months to December was 9.8 per cent higher than for the corresponding period in 1984 (J2).

The value of surveyed import orders for machinery and electrical equipment over the three months to November was 13.1 per cent lower than for the three months to November 1984 (J2).

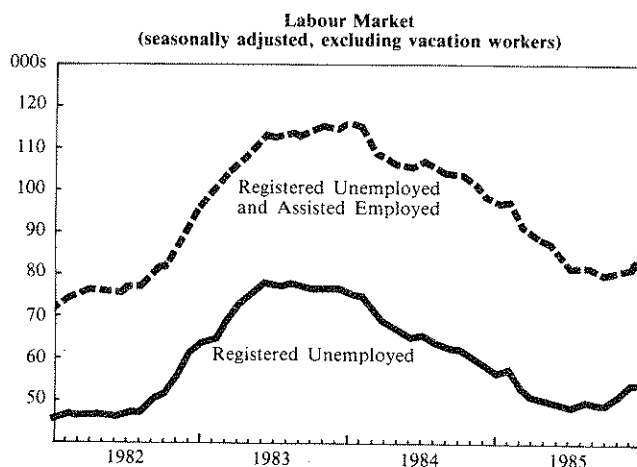
Consumption

Retail turnover (in real terms) fell 1.3 per cent over the December quarter, having fallen 2 per cent the previous quarter. Automotive stores' sales again accounted for most of the movement and sales excluding this group rose by 0.1 per cent over the quarter (J1).

Labour Market

The number of registered unemployed rose by 0.2 per cent in December to 53,883, having risen 5.7 per cent the previous month. This latest figure is 5.1 per cent down on December 1984. The total of registered unemployed and assisted employed rose 6.1 per cent in December to 86,319, 11.5 per cent less than a year earlier (J4).

A net outflow of 1,540 permanent and long-term migrants was recorded over December, bringing the net outflow over the last year to 19,284.



Prices

The Food Price Index rose 1.9 per cent in January, the highest monthly increase since March 1985. This brought the annual rate of increase to 11.6 per cent (J3).

Government Sector

(Figures not seasonally adjusted.)

Government net expenditure for the nine months ended December was 20.7 per cent higher than for the corresponding period in 1984 while government revenue was up 19.5 per cent. The government deficit before borrowing for the nine months was \$3,646.1 million, 24.1 per cent higher than for the nine months to December 1984 (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 may differ from the statistics given here.