

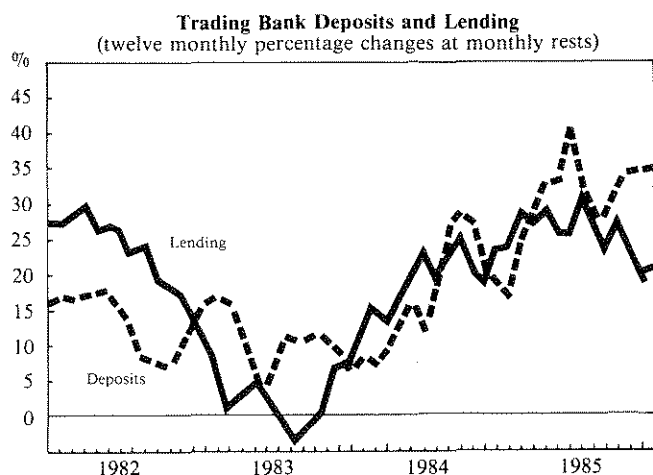
ECONOMIC UPDATE

Monetary Indicators

The *Money Supply* (M3) is estimated to have grown 0.1 per cent in January 1986 after rising 1.6 per cent in December 1985. For the year ended January M3 rose 20.2 per cent compared with a 20.6 per cent increase for the December year (D1, D2, D3).

Private Sector Credit (PSC) rose 1.1 per cent over January following 0.8 per cent growth in December. Over the twelve months to January PSC is estimated to have risen 21.2 per cent which compares with a 22.8 per cent increase for the year ended December (D2, D3, D4).

Trading bank lending rose 20.4 per cent in the year to February almost unchanged from the 20.2 per cent increase recorded in the year to January. *Trading bank deposits* over the same period were up 34.4 per cent, again almost unchanged from the growth rate recorded in the January year (B2, B3, B4, B7, B8, B11). The trading banks' *lending to deposits ratio* rose to 73.1 per cent for February, compared with 72.3 per cent for January.



Total credit limits at trading banks for January were 22.3 per cent higher in annual terms (B12).

The level of *Primary Liquidity*, expressed as a daily average (non-seasonally adjusted), increased over February to \$2,378 million compared with \$2,298 million in January.

In the year to January:

- *Savings bank lending* rose 18.7 per cent and deposits 7.4 per cent.
- *Trustee savings bank lending and deposits* increased by 7.1 per cent and 11.4 per cent respectively (C2).
- *Post Office Savings Bank lending* rose 91.1 per cent and deposits 9.7 per cent (C1).
- *Private savings bank lending* fell 17.1 per cent and deposits 15.7 per cent (C4).
- *Large finance companies' lending and deposits* rose by 24.6 per cent and 26.1 per cent respectively (F4).
- *Building societies' lending and deposits* were up 7.4 per cent and 10.7 per cent respectively (F5).

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

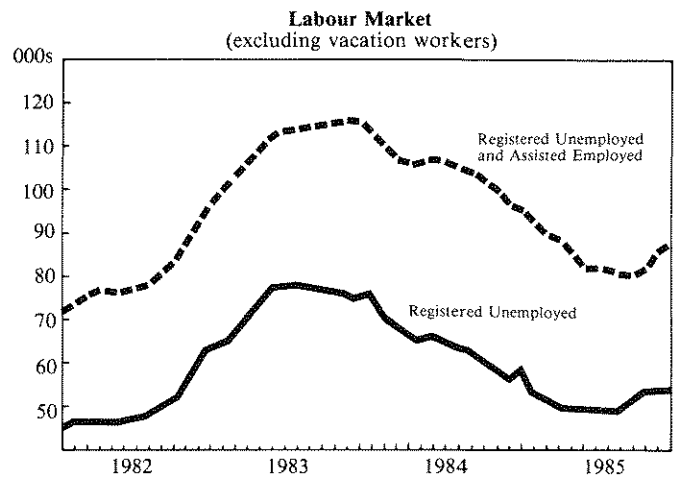
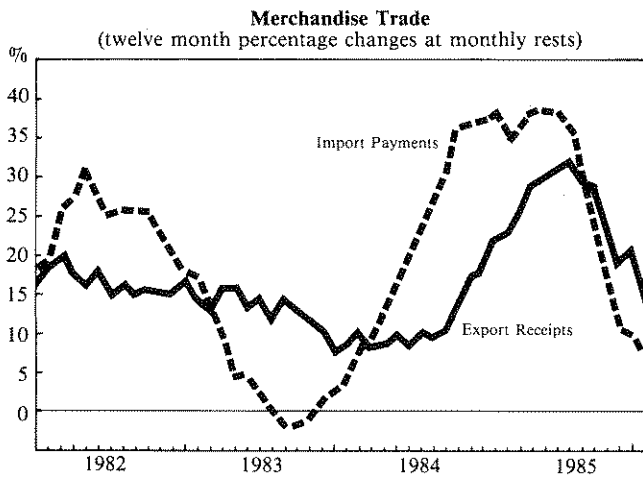
External Sector (figures not seasonally adjusted)

A \$60 million net inflow of *private capital* was recorded over December after a \$12 million net outflow the previous month (G4). For the year to December there was a net inflow of \$1,309 million compared with a net inflow of \$2,048 million for the year ending December 1984.

The *OET current account deficit* for the year ended December was \$2,435 million compared with \$2,548 million for the year ended November and \$2,146 million for the December 1984 year (G4).

Merchandise trade figures for January show an excess of imports over exports of \$366.8 million. A year earlier imports exceeded exports by \$366.8 million (G4).

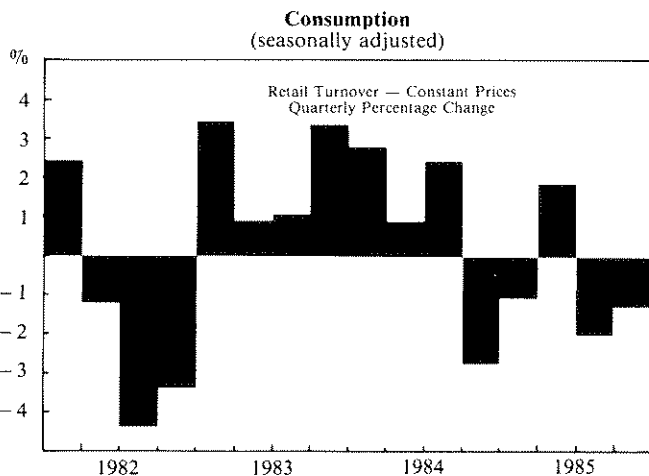
New Zealand's *official overseas reserves* decreased by \$225.5 million during January to an end-of-month level of \$3,028.6 million. At the end of January 1985 reserves stood at \$2,832.2 million (G1).



Consumption

Retail turnover rose 1 per cent in January after falling 0.7 per cent the previous month. Turnover excluding the automotive sector was down 1.3 per cent (J1).

New car registrations fell a further 1.8 per cent in January after falling 0.4 per cent in December (J1).



Investment

The number of new dwelling permits issued in January showed a 10.2 per cent increase on the previous month. The number issued over the twelve months to January was 8.8 per cent higher than for the year ended January 1985 (J2).

The value of surveyed import orders for machinery and electrical equipment over the three months to December was 9.5 per cent lower than for the three months to December 1984 (J2).

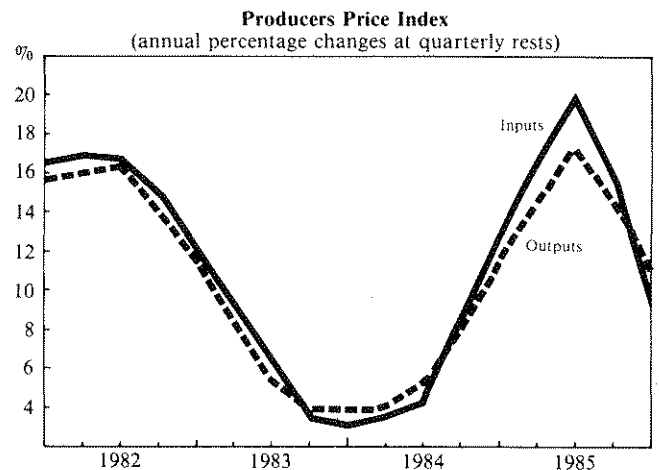
Labour Market

The number of registered unemployed rose by 0.4 per cent in January to 53,901, having risen 0.1 per cent the previous month. The total of registered unemployed and assisted employed rose 1.4 per cent in January to 87,926, 12.3 per cent less than a year earlier (J4).

A net outflow of 2,115 permanent and long-term migrants was recorded over January bringing the net outflow over the last year to 20,618.

Prices

The Producers Price Index fell 0.6 per cent for inputs and rose 0.6 per cent for outputs in the December quarter, giving annual rates of increase of 9.9 per cent and 11 per cent respectively, the lowest annual increases since the September 1984 quarter (J3).



Government sector (figures not seasonally adjusted)

Government net expenditure for the ten months ended January was 18 per cent higher than for the corresponding period in 1985, while government revenue was up 19 per cent. The government deficit before borrowing for the ten months was \$3,415 million, 16 per cent higher than for the same period last year (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.