RESERVE BANK ECONOMIC FORECASTS[1]

This article presents economic forecasts prepared by the Economic Department which were finalised on 11 August 1988.

Overview

An economy at the bottom of a deeper than previously estimated recession is portrayed in these forecasts, with weak domestic demand and even weaker aggregate economic activity. However, a gradual investment and export led recovery is projected, providing some grounds for optimism as to the medium term outlook.

A more pronounced decline in activity occurred over 1987/88 than was estimated in the Bank's March 1988 forecasts. Despite the output measure of real Gross Domestic Product (GDP) showing activity to have been flat last year, expenditure based estimates indicate a 2.4 per cent drop in real GDP reflecting strong import penetration in the earlier part of 1987/88 and substantial destocking in the December 1987 and March 1988 quarters. For 1987/88 these effects more than offset the positive contributions arising from continued export volume and domestic demand growth.

Over the forecast horizon the profile for real GDP is little changed to that presented last March although aggregate activity is expected to begin from a lower base and then to remain flat through until mid-1989 when real GDP begins to lift gradually. The moderate recovery is characterised by a pick-up in export volume growth and a recovery in investment.

Although the path of aggregate activity and domestic demand remains similar to that of the March forecasts, other important elements have altered. The projected profile of inflation is now more favourable with out-turns of around 4 and 3 per cent forecast by March 1989 and March 1990 respectively, down by 1-1.5 percentage points on the March estimates.

Also, largely reflecting the unanticipated recent strength of commodity prices, the balance of payments deficit has fallen more rapidly. Over the forecast period the current account deficit is expected to flatten out at 2.4 per cent of GDP compared to 3.7 per cent recorded in 1987/88.

On the other hand, the outlook for employment has deteriorated. The somewhat weaker level of activity in the base period combined with recent layoffs arising from structural changes in industry and the public sector suggest significant declines in employment through the remainder of 1988 and into 1989 before levelling out in the second half of 1989/90 as activity picks up. Accordingly, unemployment continues to increase over the forecast period, although most of the deterioration occurs this year.

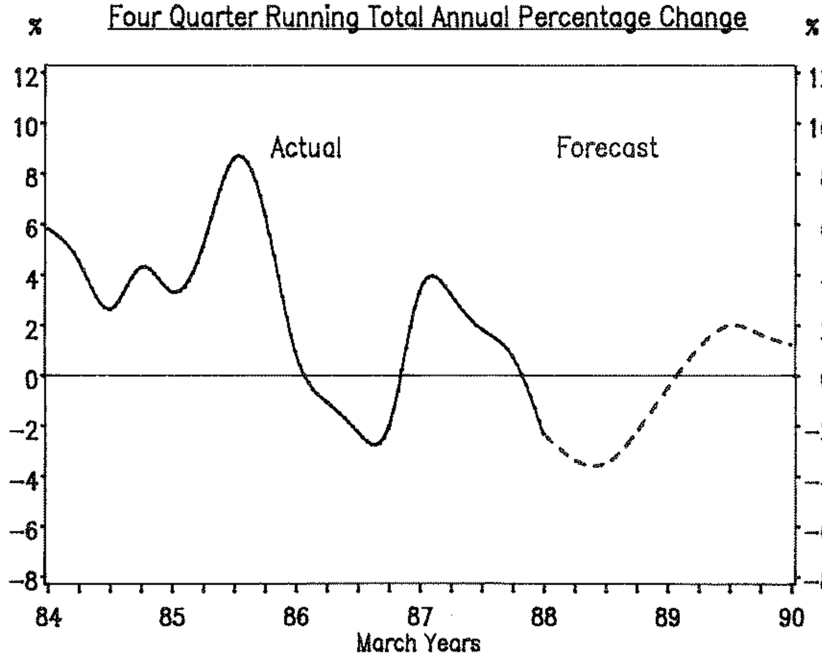
Economic Activity

Economic activity, based on the Department of Statistics new real expenditure on GDP series and Reserve Bank estimates, is thought to have fallen by 2.4 per cent in 1987/88. In spite of an estimated 1.5 per cent growth in final domestic expenditures, destocking, especially in the distribution sector, and higher import volumes are estimated to have more than offset the growth in final demand.

Destocking is estimated to have lowered real GDP growth by 1 percentage point in 1987/88.

The forecast track for aggregate economic activity (see Figure 1) reflects a bottoming out of real GDP late in 1988/89 and a gradual upturn thereafter, bringing a small decline in real GDP on average this year of

Figure 1
Real GDP
Four Quarter Running Total Annual Percentage Change



[1] These forecasts are produced by the Economic Department primarily for use within the Bank and do not represent official Reserve Bank forecasts. The Bank accepts no responsibility for any use which is made of these forecasts.

0.2 per cent and a rise of 1.2 per cent in 1989/90.

In contrast to 1987/88, when domestic demand remained relatively strong in the face of declining incomes and overall economic activity, aggregate activity is initially maintained over the forecast period by the cessation of commercial destocking and a positive contribution to real GDP growth by the external sector. Furthermore, domestic demand is forecast to weaken by around 1 per cent in 1988/89 as, on average, consumption and investment expenditures fall back from 1987/88 levels. The partial offsetting of the decline in domestic demand by a turnaround in the stock cycle is reinforced in early 1989/90 by a recovery in export volume growth. By mid-1989 a gradual recovery in investment is expected and towards the end of the forecast period the level of domestic demand should lift further as private consumption expenditures recover slightly in response to higher real disposable incomes.

The strength of the forecast recovery in 1989/90 is significantly influenced by the track for investment, particularly plant, machinery and equipment and, to a lesser extent, residential investment. The maintenance of a lower company tax rate, a pick-up in export growth together with CER opportunities and the projected success in reducing inflation provide positive influences for productive investment. Growth in public sector investment is also expected as a result of SOE restructuring. Overall, and despite a continued fall in commercial building activity, investment is projected to rise by over 3 per cent in 1989/90.

Stocks

The dominating influence in the stocks contribution to GDP growth, as shown in table 1, is destocking in the distribution sector. The Department of Statistics survey of distribution recorded an 8 per cent fall in the nominal level of stocks between the March 1987 and March 1988 quarters. It also indicated an involuntary build up in stocks following the introduction of GST. Retailers and wholesalers appear to have been attempting to cut stock levels during most of last year and this became apparent especially in the quarters following the sharemarket crash of late 1987.

TABLE 1
REAL CHANGE IN STOCKS
(percentage point contributions to GDP growth)

Sector	1987/88
Distribution	−1.5
Manufacturing	0.4
Forestry	0.1
Agriculture	0.3
Other	−0.3
Total:	−1.0

While the fall in sales following the introduction of GST and the sharemarket crash contributed to destocking, high interest rates and more efficient inventory management techniques are also thought to have reinforced the reduction in stock levels. Over the forecast period the turnaround in the stocks cycle initially provides a small positive contribution to real GDP growth.

Incomes and Consumption

The forecast track for aggregate activity largely results from a continued weakening in consumption through to the latter half of 1989/90 reflecting the lagged effect of declines in disposable incomes and the current impact of falling employment levels. In addition, the entire package of personal income tax changes are estimated to produce greater government revenue this year and therefore over 1988/89 have a depressing effect on disposable incomes and hence consumption. Despite a sustained recovery in incomes in 1989/90, consumption rises only slowly as households are expected to reduce debt levels and/or increase savings.

Real household disposable incomes fell by an estimated 2.3 per cent in 1987/88 (see table 2) as average consumer price inflation of over 13 per cent outweighed the increase in disposable incomes of just over 11 per cent.

Low growth in compensation of employees, increased tax payments and falling farm incomes all contribute to a further fall in real household disposable incomes of nearly 1 per cent in 1988/89. Growth in compensation of employees is forecast to be constrained by a sharp fall in employment coupled with restraint in this year's wage round, although part of the effect of the fall in employment is compensated for in a projected rise in unemployment benefit payments. Taxation changes, with respect to superannuation and life insurance deductions and the timing of provisional tax payments, are expected to increase household tax payments in 1988/89 but this increase will be partly offset by the change in the personal tax scales from 1 October 1988.

The fall in real disposable incomes in 1988/89 gives way to a rise in 1989/90 of 1.6 per cent due to a lower increase in tax payments, as the one-off provisional tax payment disappears, a continued reduction in other payments and lower average inflation.

In spite of the fall in activity and real household disposable incomes in 1987/88, private consumption continued to rise, albeit only marginally, by 0.5 per cent (as shown in Figure 2). Consumption has been slow to adjust downward from the high levels supported by financial deregulation and the 1985-1987 sharemarket boom; consumers have shown a marked reluctance to reduce spending (and increase savings) in the face of falling real incomes.

However, some components of consumption did decline in 1987/88. Spending on goods continued to decline from a pre-GST boom with real retail sales (excluding automotive) falling by 0.4 per cent in the year to March 1988 but this was more than

Table 2
Household Incomes
(Annual average percentage changes)

March years	Actuals 1987	1988	Forecasts 1989	1990
Compensation of employees	16.9	8.4	3.4	3.6
Farm income	-8.2	9.8	-5.0	-0.8
Business and investment income	15.3	11.5	2.1	2.1
Monetary benefits	14.0	15.1	14.5	5.0
Other income	24.9	4.9	7.9	7.8
Total household income	15.9	9.7	4.8	3.7
less income tax	21.6	5.4	8.3	2.0
less other payments	20.3	9.7	-6.6	-9.6
Household disposable income	13.6	11.4	4.4	5.2
Average CPI % change	14.6	13.4	5.1	3.5
Real household disposable income	-0.3	-2.3	-0.8	1.6

offset by increased spending on cars (new car registrations in the March 1988 year were up by 13 per cent on the previous year) and services, including expenditures by New Zealand residents overseas.

With savings rates forecast to increase slightly, in part due to a higher level of precautionary savings because of current job insecurity in some sectors, and real personal disposable incomes declining, consumption is expected to fall in 1988/89. This forecast decline will impact heavily on discretionary spending and thus a decline in the consumption of durables is expected. Very little improvement in consumption is expected in 1989/90, due to an anticipated further rise in the household savings ratio. However, a forecast increase in real personal disposable incomes leads to some upturn in consumption in late 1989.

Investment

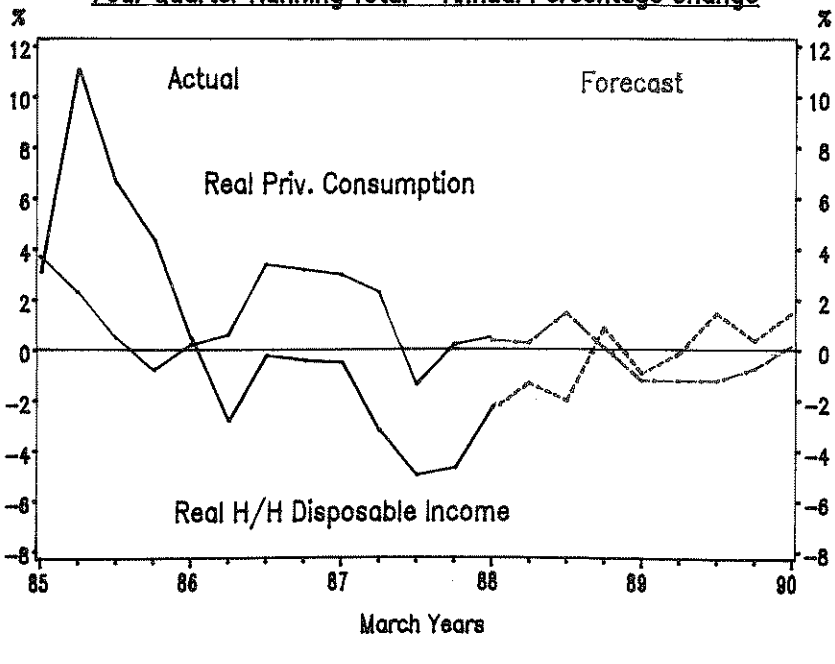
The 1987/88 year saw a sharp upturn in private investment; with an average rise of 8.4 per cent recorded. All major investment components, except residential investment, rose strongly in the first half of the year. Investment in commercial buildings continued to increase on average (although the level of activity peaked in mid-1987), while investment in plant and machinery recovered from a low 1986/87 level. In the latter half of 1987/88, in association with a general weakening in demand combined with the depressing impact of the sharemarket crash on confidence, investment in commercial buildings and plant and machinery was more subdued but still higher than the corresponding period a year earlier.

Although on average residential investment showed only marginal growth last year (in the face of high mortgage interest rates), during the September and December quarters private dwelling starts rose sharply reaching a 15 month peak in January 1988. However, since then the number of private dwelling permits issued has fallen back indicating that in the first half of 1988/89 residential investment may remain weak despite falling nominal mortgage interest rates and recently recorded declines in construction costs.

Overall, investment is forecast to fall by 1.6 per cent in 1988/89 as residential investment only picks up slowly from the December 1988 quarter onwards. In addition, although existing projects will underpin commercial building over the next two to three quarters, the lack of new projects initiated since October 1987, and tighter funding availability associated with cautious bank lending and uncertainty over superannuation fund investment strategies, should lead to a continued decline in commercial building investment over the forecast period.

However, the fall-off in commercial building activity through 1989/90 is more than offset by projected rises in residential and plant

Figure 2
Real Private Consumption and Real Household Disposable Income
Four Quarter Running Total – Annual Percentage Change



and machinery investment. As a result, the outlook is for growth of over 3 per cent in private investment in 1989/90.

A continued slow recovery in residential investment is expected to occur as nominal interest rates fall and incomes rise, easing borrowers' debt servicing constraints. The lift in plant, machinery and equipment investment is forecast to occur from the latter half of this year and reflects the demand effects from a modest strengthening of domestic activity, expanded SOE investment and a pick-up in export volume growth centred on the forestry and other primary sectors. In addition, improved business confidence associated with CER opportunities, the confirmation of a 28 per cent tax rate, lower nominal interest rates and the prospect of a significant future improvement in competitiveness as protection is lowered and price stability achieved, should ensure continued investment growth beyond 1990.

Balance of Payments

Real import volumes of goods and services are estimated to have increased by around 12 per cent in 1987/88 reflecting growth in nonresidential private investment and to a lesser extent, private consumption. Export volumes are thought to have increased by about 4 per cent; however, much of this increase is probably accounted for by large one-off sales out of externally held export stocks. This has the effect of boosting growth in 1987/88 export volumes, measured on a System of National Accounts (SNA) basis, and depressing measured exports in 1988/89.

The external trade measure of export volumes does not include externally held export stocks and hence the volume growth on this basis is about 2 percentage points less than the national accounts measure in 1987/88 and 2 percentage points higher in 1988/89. Strong growth in forestry, horticulture and aluminium exports are thought to have accounted for most of the growth in total exports in 1987/88.

Despite the large gap between export and import volume growth in 1987/88 only a slight deterioration in the balance of payments occurred due to the compensating influence of a 10.9 per cent improvement in the terms of trade, evincing strong growth in the prices for exports of wool, hides and skins, forestry and some manufacturing products.

The main assumptions underlying the external sector forecasts are for an average inflation rate for New Zealand's main trading partners of 3.5 per cent in 1988/89 rising to 3.8 per cent in 1989/90. World economic growth is assumed to be 2.8 per cent and 2.4 per cent for 1988/89 and 1989/90 respectively, while the real exchange rate is assumed to remain constant based on the estimated average June quarter Trade Weighted Index of 66.4.

Import volumes are predicted to fall by 1.6 per cent in 1988/89 in response to falling domestic expenditures. Export volumes are expected to rise by around 0.3 per cent off a very high base that included sizeable sales of export stocks.

The main contribution to the forecast improvement in the balance of payments current account balance in 1988/89 comes from an estimated 2.6 per cent further improvement in the terms of trade. Much of this increase represents an averaging effect stemming from the strong improvement which occurred in the last two quarters of 1987/88. Export price growth is expected to be particularly strong for dairy, forestry and manufacturing products with the latter's growth being dominated by the current boom in aluminium prices.

The current account deficit is expected to improve to around $1,520 million in 1988/89 or 2.4 per cent of GDP compared with 3.7 per cent of GDP in 1987/88. This forecast improvement comes from a $730 million rise in the trade surplus to around $2,230 million, while the invisibles deficit is estimated to remain static at around $3,750 million.

Due to strong growth in exports of forestry and horticulture products, export volumes are expected to grow in 1989/90 by 2.7 per cent, however, an expansion in import volumes of 1.9 per cent is also expected in line with the forecast recovery in domestic expenditures. Export price growth is forecast to weaken to 2 per cent in 1989/90, particularly owing to the poorer outlook for forestry and horticultural prices. Combined with the expected 4.6 per cent increase in import prices, this results in an estimated 2.4 per cent fall in the terms of trade.

The pick-up in export and import volumes, combined with the drop in the terms of trade, produces a forecast fall in the trade surplus to around $2,140 million in 1989/90. The invisibles balance is expected to improve by $60 million to $3,690 million and result in a balance of payments current account deficit of around 2.4 per cent of GDP; the same as that projected for the previous year.

Government Accounts

The projected rise in the Budget Table 2 surplus from $467 million in 1987/88 to $2,260 million this year reflects the Government's estimate of an increase in total government revenue of around $1,950 million offset by a slight increase in net government expenditure of about $150 million. Rises in projected government revenue sourced from GST and Fringe Benefit Tax (resulting in part from the accounting treatment of government expenditure) account for almost one half of the total estimated increase in Budget Table 2 government revenue. On the net expenditure front, a rise in projected income from asset sales ($2 billion) together with estimated SOE debt repayments restrains the growth of government net expenditure.

On a Government Finance Statistics basis, in line with the recent Budget estimates, the financial deficit is forecast to deteriorate slightly to $1,383 million reflecting a projected rise of $290 million in total expenditure partly offset by a $50 million rise in total revenue.

No forecasts of the Budget Table 2 balance in 1989/90 have been formulated due to uncertainty surrounding the possible volume of asset sales. With regard to the financial deficit, a fall in real government expenditure is anticipated due to a lowering of debt service payments as interest rates fall and some further public debt is repaid. On the basis of announced fiscal policies, however, the deficit impact is more than offset by a decline in receipts as tax revenues fall back to more normal levels following the one-off boost to receipts in 1988/89 from provisional tax payers and the full impact of the October 1 tax cuts. The 1989/90 GFS deficit is forecast to be around $1,870 million or 2.9 per cent of GDP.

Monetary Sector

The central assumption underlying our monetary sector forecasts is the maintenance of a firm monetary policy stance consistent with achieving price stability in the early 1990s. Tight monetary conditions throughout 1987/88, together with a more recent fall off in credit demand associated with the current weakness of the domestic economy, resulted in a sharp slowing of the annual growth rates of M3 and private sector credit in the year to June (to 10.5 and 11.7 per cent respectively). From this base, growth in M3 and private sector credit is projected to slow further this year as private sector borrowing demand continues to weaken in line with the projected bottoming out of the household savings ratio and a weakening in business investment this year. Overall, therefore, real M3 and private sector credit growth (deflating by the Consumer Price Index) is expected to fall from current levels of around 4-6 per cent to 1-2 per cent by March 1989 and to around 1 per cent in 1989/90.

The maintenance of a firm monetary policy stance has also been associated with a trend reduction in interest rates over the past year. In particular, as shown in Figure 3, base lending and home mortgage rates have fallen considerably in nominal terms over the past six months, largely reflecting reductions in inflationary expectations.

Further declines in inflation expectations provide the major force driving the expected future reductions in nominal interest rates over the forecast period. Within that outlook, real interest rates are also expected to decline from their current high levels as a result of a continued weakness in credit demand and reduced uncertainty as price stability is approached.

Beyond March 1990, further progress towards the elimination of inflation expectations, should imbed a low interest rate structure which in turn will provide a basis for sustained investment growth beyond the forecast period.

Prices

After having made only gradual progress in the fight against inflation during 1987/88, the release of the June quarter CPI (which recorded an annual increase in the year to June 1988 of 6.3 per cent down from 9 per cent for the year to March 1988) provided strong evidence that inflation is coming down to a level comparable with our major trading partners.

The basic message portrayed in the forecasts outlined in Table 3, and displayed in Figure 4, is that these inflation gains are expected to be improved upon, with March year inflation rates of 3.9 per cent and 2.9 per cent forecast for 1988/89 and 1989/90 respectively.

In general terms, the primary factor which is influencing the track for inflation over the forecast period is an assumed ongoing commitment to medium term price stability through the maintenance of a non-accommodating monetary policy. In these forecasts a major secondary influence is the fixed real exchange

Figure 3
Interest Rates
(Base Lending and 1st Mortgage Housing Interest Rates)

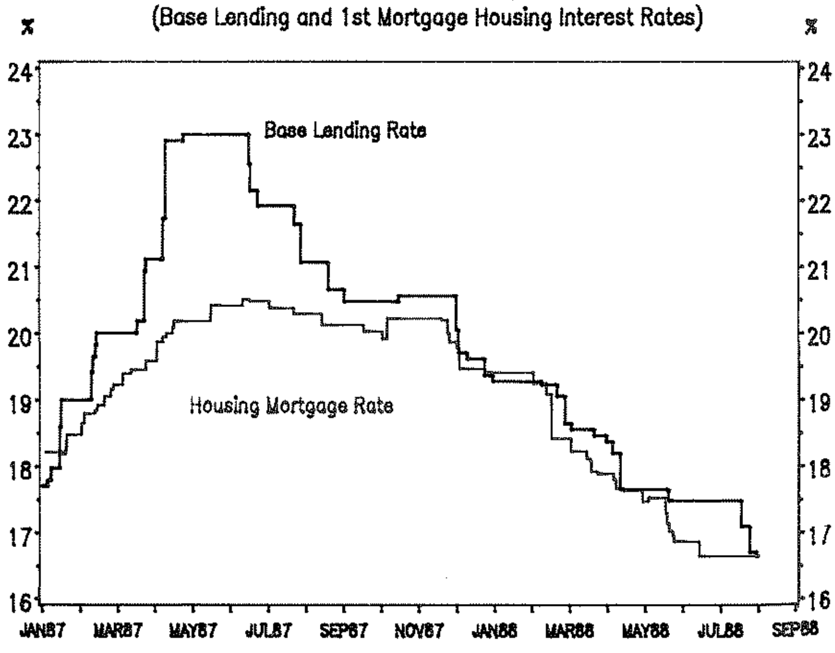


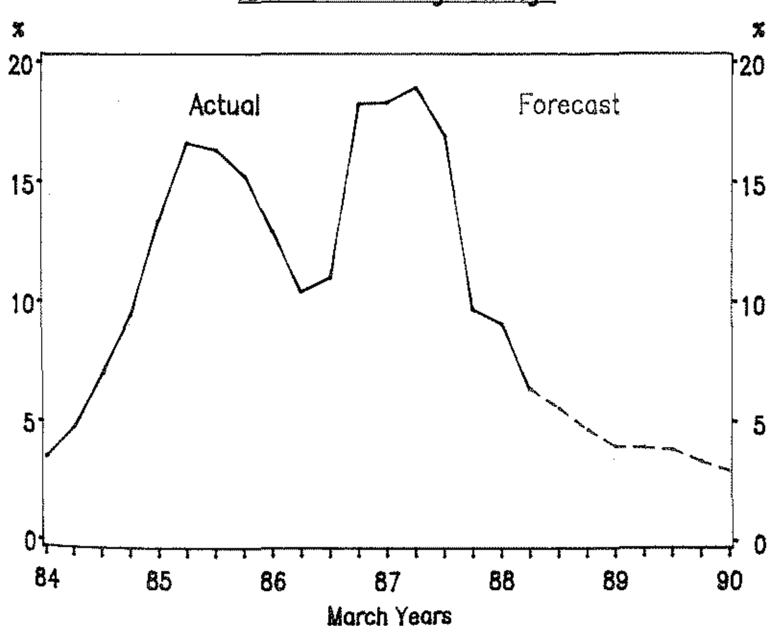
Table 3
Consumer Price Inflation

	Actuals				Forecasts		
	Quarter	Quarterly % change	Annual % change		Quarter	Quarterly % change	Annual % change
1986	Dec.	8.9	18.2	1988	Sept.	0.8	5.5
1987	Mar.	2.3	18.3		Dec.	1.2	4.6
	June	3.3	18.9	1989	Mar.	1.1	3.9
	Sept.	1.6	16.9		June	0.8	3.9
	Dec.	2.1	9.6		Sept.	0.7	3.8
1988	Mar.	1.8	9.0		Dec.	0.7	3.3
	June	0.8	6.3	1990	Mar.	0.7	2.9

rate assumption, which implies the nominal exchange rate adjusts to reflect inflation differentials. Other factors which clearly impinge on the inflation outlook are the current depressed state of domestic demand and planned tariff reductions throughout the forecast period.

The September quarter's forecast CPI movement of 0.8 per cent is dominated by predicted negative contributions from home ownership, as measured house prices and mortgage interest rates fall, and from the transportation group as petrol and used car prices continue to decline. Offsetting these effects are persistently increasing rental charges and the first stage of the cigarette price increase announced in the Budget. For the December quarter, it is envisaged that the incidence of local authority rate increases will offset the negative components of home ownership, while clothing prices are expected to record an unseasonally low movement as cheaper imports impact on overall pricing levels.

Figure 4
Consumers Price Index
Annual Percentage Change



Labour Market

After having deteriorated markedly in the 1987/88 year, labour market conditions look set to worsen further in 1988/89 as both the Household Labour Force Survey (HLFS) and registered measures of unemployment, are expected to record significant increases.

The more pronounced decline in activity over 1987/88 has been reflected in the sharp growth of unemployment over the March and June 1988 quarters. With aggregate activity projected to decline slightly this year, labour market conditions are expected to deteriorate further before stabilising somewhat in 1989/90. The jobseekers unemployment rate is forecast to rise to 8.8 per cent, while the number of registered unemployed is projected to level off at over 145,000.

The two major factors which account for the decreasing level of employment and increasing rates of unemployment are restructuring and the downturn in economic activity. Restructuring has resulted from the drive by both Government and private organisations for improved efficiency and productivity. Private sector restructuring has come about as a necessary reaction to increased competition from imports and deregulation, while reforms in public sector management are centred on achieving greater efficiency in the provision of public services.

Reinforcing the pressures on the labour market from restructuring has been the economic downturn of the last 15 months or so. From well before the October 1987 stockmarket crash it was evident that the overall level of activity in the economy was not expanding as it had in the year before. The stockmarket crash itself dealt a severe blow to business confidence and, even though the consequences of the crash have not been as significant as some predicted, brought about a more pessimistic outlook for 1988 demand levels and labour requirements. The results of the March quarter HLFS support this obser-

Table 4
Influences on Unemployment
(March years in 000's)

	Actuals 1987	Actuals 1988	Forecasts 1989	Forecasts 1990
Natural change	26.7	28.3	28.2	28.3
+ Net migration	-5.4	-10.2	-15.0	-16.0
− Change in non-participants	9.3	30.9	13.8	4.2
= Change in labour force	12.0	-12.8	- 0.6	8.1
− Change in employment	13.1	-29.6	-40.9	6.7
= Change in jobseekers	-1.1	16.8	40.3	1.4
Memorandum items:				
Jobseekers unemployed	85.1	101.8	142.1	143.5
% change	-1.3	19.6	39.6	1.0
Jobseekers rate (%)	5.2	6.2	8.7	8.8
Full-time employment % change	-2.5	-2.6	-3.7	0.1
Total employment % change	-1.4	-1.6	-3.2	0.5
Registered unemployment	78.7	100.6	141.9	146.4
% change	41.3	27.8	41.4	3.2

vation with a 11,000 increase in the numbers of jobseekers in that quarter alone.

The forecast influences on unemployment are presented in Table 4 and are discussed in turn.

- *Natural Change*: This item represents the change to the working age population (the resident, non-institutionalised, civilian population of New Zealanders aged 15 years and over) resulting from movements in the age structure of the population. Natural change currently adds around 1.1 per cent of the working age population to the labour force per annum.
- *Net Migration*: This item tends to move through fairly long cycles of net movement out or into the country depending on relative economic conditions as between New Zealand and other countries (predominantly Australia). The more favourable the outlook for economic growth, job prospects and wages outside New Zealand the greater the outflow that can be expected. With economic growth in New Zealand expected to be lower than that of Australia over the forecast horizon and, in particular, the anticipated further deterioration in New Zealand's unemployment rate, net migration outflows are predicted for both the forecast years.
- *Non-Participants*: This item accounts for changes in those persons not currently participating in the labour force. In other words, of the change in the working age population arrived at from natural change and net migration, a proportion of these will choose not to seek employment (e.g. those staying at school beyond 15 years and women migrating to the country who are not available for work). Also, there may be increases in non-participants as a result of workers becoming discouraged and withdrawing from the labour force. In 1988/89, it is this latter effect which is expected to bring about a drop in the participation rate (labour force/ working age population), though by a lesser degree than the year before. In 1989/90, an increasing level of part-time work is expected to encourage previously non-participating individuals into the labour force, resulting in a relatively stable participation rate and a much lower increase in non-participants.
- *Employment*: Within 1988/89, layoffs resulting from restructuring and the decline in output are expected to amount to a near 4 per cent decline in full-time employment levels and a 2 per cent decline in part-time work. With activity bottoming out late this year and picking up gradually over 1989/90, it is expected that employers will react cautiously to the upturn and to a certain extent opt to take on part-time employees in place of full-time workers. This results in an essentially no change forecast in full-time employment in the year to March 1990, but growth of the order of 2 per cent in part-time employment. Total employment is forecast to grow by 0.5 per cent in 1989/90.
- *Unemployment*: With little change in the labour force predicted in 1988/89, the full change in employment levels is reflected in the increase in jobseekers unemployed which is expected to total 8.7 per cent of the labour force by March 1989. Meanwhile, registered unemployment (excluding vacation workers and subsidised employment) is expected to reach 142,000 by March 1989. In the following year, growth in the labour force is offset in large part by the forecast increase in employment, resulting in only a slight further increase in the jobseekers unemployment level and rate. It is anticipated that the registered umemployment level will also continue to increase in the 1989/90 year, levelling out at around 146,000.

SUMMARY OF ECONOMIC FORECASTS

(Annual Percentage Changes Of Annual Totals Or Averages)

	Actuals		Forecasts	
March years	1987	1988	1989	1990
Real Expenditures on GDP				
Final consumption				
– private	3.0	0.5	-1.1	0.3
– public authority	5.2	0.5	-0.9	-0.8
– Total	3.4	0.5	-1.0	0.1
Gross fixed capital information				
– private: residential	- 7.0	0.6	-0.7	1.6
other	- 0.4	10.5	-2.6	4.0
– public authority	-13.3	-4.0	-0.1	2.1
– Total	- 6.3	4.5	-1.6	3.1
Final Domestic Expenditure	0.7	1.5	-1.2	0.9
Stockbuilding[1]	1.6	-1.0	0.4	0.0
Gross National Expenditure	2.5	0.7	-0.9	0.9
Exports of goods and services	4.2	3.8	0.3	2.7
Imports of goods and services	1.9	12.1	-1.6	1.9
EXPENDITURE ON GDP	3.3	-2.4	-0.2	1.2
Government Budget Transactions				
Balance before borrowing (Table 2)($M)	-1953	467	2260	..
GFS financial balance ($M)	-1866	-1147	-1383	-1870
as a % of GDP	- 3.6	- 1.9	- 2.2	- 2.9
External Account				
BOP current account balance ($M)	-2178	-2223	-1520	-1550
as a % of GDP	- 3.8	- 3.7	- 2.4	- 2.4
Terms of trade	3.9	10.9	2.6	- 2.4
Incomes				
Real household disposable income	-0.3	-2.3	-0.8	1.6
Prices				
Consumer price inflation[2]	18.2	9.0	3.9	2.9
Labour Market				
Employment (full time)[2]	-2.5	-2.6	-3.7	0.1
HLFS Jobseekers (Unemployment rate(%)[2]	5.2	6.2	8.7	8.8
Registered Unemployed (000's)[2]	78.7	100.6	141.9	146.4

[1] Percentage point contribution to growth rate in GDP

[2] March quarter to March quarter % changes or rate/level as at March quarter.