



**RESERVE  
BANK**

O F N E W Z E A L A N D

**Monetary Policy Statement  
November 1999**

## The New Zealand Economy: Ten Years at a Glance

(Annual percentage change, unless specified otherwise)

March years	Actuals		Projections		
	1998	1999	2000	2001	2002
<b>Price measures</b>					
CPIX	1.7	1.0	2.5	1.7	1.6
Wages	2.6	2.7	1.9	2.4	3.0
Import prices	2.9	2.7	4.1	-2.0	0.0
Export prices	4.9	-1.1	2.0	-0.3	0.7
<b>Monetary conditions</b>					
Real MCI (year average)	750	25	-250	-100	125
Nominal MCI (year average)	700	-50	-250	0	175
TWI (year average)	64.4	57.3	56.5	57.8	59.4
90-day rate (year average)	8.0	6.2	5.1	6.2	6.6
<b>Output</b>					
Output gap (% of potential GDP, year average)	0.7	-1.8	-1.5	0.0	0.8
Real GDP (production, annual average % change)	2.0	-0.2	2.6	4.1	3.8
<b>Key balances</b>					
Government operating balance (% of GDP)	2.6	1.8	0.0	0.5	1.2
Current account balance (% of GDP)	-5.6	-5.7	-7.9	-6.4	-5.5
Terms of trade (annual average % change)	-0.6	-0.5	-1.6	-1.2	1.9
Unemployment rate (March quarter, s.a.)	7.1	7.2	6.9	6.4	5.8
Household savings rate (% of disposable income)	-0.1	0.6	-0.3	-0.2	1.1
<b>World economy</b>					
World GDP (annual average % change)	3.1	0.9	3.4	3.1	3.3
World CPI inflation	2.4	1.0	1.7	1.9	1.9
<b>Real expenditures on GDP (Annual average percentage change)</b>					
Final consumption expenditure					
Private	3.1	1.3	2.1	2.8	2.7
Public authority	6.4	-0.4	6.4	-3.7	-1.0
Total	3.7	0.9	3.0	1.5	2.0
Gross fixed capital formation					
Market sector					
Residential	1.7	-15.0	14.4	7.1	5.0
Business	0.2	7.6	11.9	6.7	8.3
Non-market government sector					
Total	1.5	-0.3	9.6	7.2	7.3
Final domestic expenditure					
Stockbuilding	0.2	-1.0	1.0	-0.3	0.2
<b>Gross national expenditure</b>					
Exports of goods and services	4.0	2.1	3.8	7.8	5.4
Imports of goods and services	5.0	3.4	9.1	2.7	4.1
<b>GDP (expenditure)</b>					
	3.1	-0.8	3.5	4.2	3.8
<b>GDP (production)</b>					
	2.0	-0.2	2.6	4.1	3.8

Government operating balance

Percentage of nominal GDP (expenditure), June year.

Current account balance

Percentage of nominal GDP (production).

Terms of trade

Domestic-currency export and import prices, Overseas Trade Indexes.

Unemployment rate

Household Labour Force Survey.

World GDP

RBNZ definition. Projections based on Consensus Forecasts. s.a.

World CPI inflation

RBNZ definition and estimate. TWI trading partners' CPI inflation, using TWI weights. Projections based on Consensus Forecast.

Stockbuilding

Percentage point contribution to GDP growth rate.

Annual percentage change

$(Q/Q_{-1}) * 100$

Source: Unless specified otherwise, Statistics New Zealand definitions, not seasonally adjusted.

# The New Zealand Economy: Ten Years at a Glance

(Annual percentage change, unless specified otherwise)

March years	1993	1994	1995	1996	1997
<b>Price measures</b>					
CPIX	1.7	1.6	2.6	2.1	2.0
Wages	0.7	1.4	2.1	3.7	4.0
Import prices	3.6	-6.0	1.1	-1.3	-4.6
Export prices	8.8	-6.5	1.2	-3.5	-6.3
<b>Monetary conditions</b>					
Real MCI (year average)	-400	-275	150	575	975
Nominal MCI (year average)	-325	-275	175	600	950
TWI (year average)	53.6	55.5	58.0	62.2	66.4
90-day rate (year average)	6.8	5.7	7.8	8.8	9.0
<b>Output</b>					
Output gap (% of potential GDP, year average)	-3.0	0.3	2.0	2.0	1.4
GDP (production, annual average % change)	1.2	6.3	5.4	3.8	2.6
<b>Key balances</b>					
Government operating balance (% of GDP)	n/a	0.9	3.1	3.6	2.0
Current account balance (% of GDP)	-2.6	-2.3	-4.7	-5.5	-6.3
Terms of trade (annual average % change)	2.4	1.5	-0.3	-2.2	-0.8
Unemployment rate (March quarter, s.a.)	9.8	9.1	6.6	6.1	6.5
Household savings rate (% of disposable income)	3.4	3.3	0.4	0.5	0.7
<b>World economy</b>					
World GDP (annual average % change)	2.7	3.4	4.3	4.1	4.3
World CPI inflation	2.3	1.7	2.4	2.6	2.3

## Real expenditures on GDP (Annual average percentage change)

<b>Final consumption expenditure</b>					
Private	0.3	3.4	6.0	4.2	3.8
Public authority	3.0	-1.1	-0.7	3.3	2.4
Total	0.9	2.4	4.6	4.0	3.5
<b>Gross fixed capital formation</b>					
<b>Market sector</b>					
Residential	2.8	17.1	12.2	-0.1	4.0
Business	5.3	20.3	16.1	12.0	2.4
Non-market government sector	-3.1	8.5	37.0	14.3	30.0
Total	3.7	18.2	17.2	9.4	6.2
<b>Final domestic expenditure</b>					
Stockbuilding	0.7	1.1	0.0	-0.7	-0.5
<b>Gross national expenditure</b>	2.0	6.2	6.9	4.3	3.6
Exports of goods and services	2.5	7.9	8.4	2.6	3.5
Imports of goods and services	7.4	8.0	14.3	7.2	7.0
<b>GDP (expenditure)</b>	0.8	6.2	5.3	2.9	2.5
<b>GDP (production)</b>	1.2	6.3	5.4	3.8	2.6

CPIX

Up to and including the June 1999 quarter, the series is the annual percentage change in CPIX. From June 2000, the series is the annual percentage change in the new CPI. For September 1999 to March 2000, the series is calculated by adding the quarterly increases in the new CPI to the quarterly increases in the old CPI excluding interest rates and section prices. *Overseas Trade Indexes* (domestic currency).

Import prices

*Overseas Trade Indexes* (domestic currency).

Export prices

*Overseas Trade Indexes* (domestic currency).

Wages

Private sector average ordinary hourly earnings, *Quarterly Employment Survey*.

Real MCI

Reserve Bank of New Zealand.

Nominal MCI

Reserve Bank of New Zealand.

Exchange rate (TWI)

Reserve Bank of New Zealand.

90-day bank bill yield

Reserve Bank of New Zealand.

Output gap

Defined as the year average percentage difference between real GDP (production s.a.) and potential GDP.

Potential GDP

Reserve Bank definition and estimate.