

ECONOMIC UPDATE

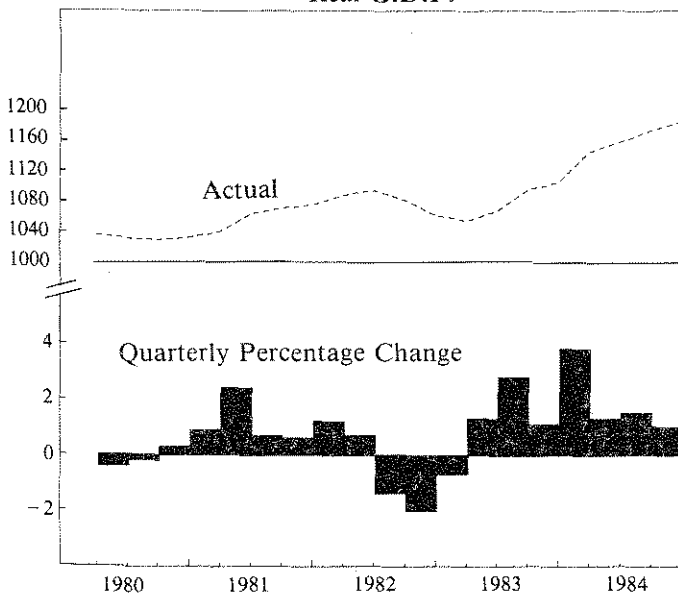
National Income

Real GDP grew by 1 per cent in the December quarter 1984, following increases of 1.3 per cent and 1.5 per cent in the June and September quarters respectively. During the 1984 year real GDP increased by 8.5 per cent, compared with zero growth in the year to December 1983 and a 7.5 per cent increase in the year to September 1984.

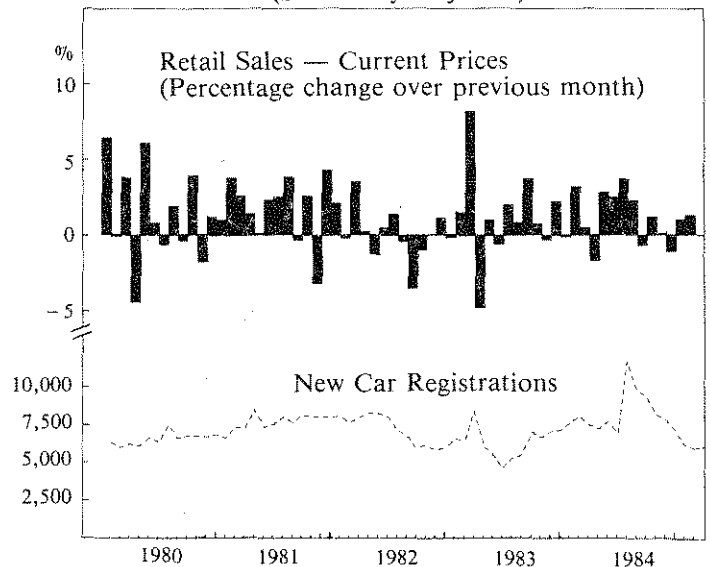
Consumption

Retail turnover rose 1.2 per cent in February although if the automotive sector is excluded the figures show a 1.1 per cent decrease, a turnaround from the 3.3 per cent increase in January. *New car registrations* in March rose 2.1 per cent, following a 4 per cent decline in February (table J.1).

Real G.D.P.



Consumption
(Seasonally Adjusted)



Investment

The value of building work put in place for houses and flats over the December quarter 1984 was \$386 million, 0.8 per cent above the September quarter figure and 5 per cent up on the December quarter 1983. The value of building work put in place for other buildings for the quarter was 30.1 per cent above the year earlier value.

Monetary Indicators

The *Money Supply* (M3) is estimated to have remained relatively stable in February, rising by 0.2 per cent after having fallen by 0.4 per cent in January. The rate of growth over the four months to February was only 1.8 per cent, reducing the annual rate of increase to 15.9 per cent from the peak of 18.9 per cent recorded in the year to October (tables D.1, D.2, D.3).

Private Sector Credit (PSC) is estimated to have risen by 2.8 per cent in February, following a rise of 2.7 per cent in January. In the 12 months to February PSC grew by 21.9 per cent compared with 21 per cent in the year to January (tables D.2, D.3).

Trading bank deposits rose sharply by 5.8 per cent in March, following substantial purchases of TCDs by the Reserve Bank during the month. In the year to March, deposits grew by 25.4 per cent compared with an annual rate of increase of 16.9 per cent to February. *Trading bank lending* rose 27.5 per cent over the same period, following an increase of 23.2 per cent in the February year (tables B.2, B.3, B.4, B.7, B.8, B.11).

Reflecting these relative movements, the trading bank *lending to deposits ratio* fell from 82.5 per cent in February to 80.4 per cent in March. *Total credit limits* at trading banks continued to rise over February, being 2.4 per cent higher than in January and 17.8 per cent higher than in February 1984 (table B.12).

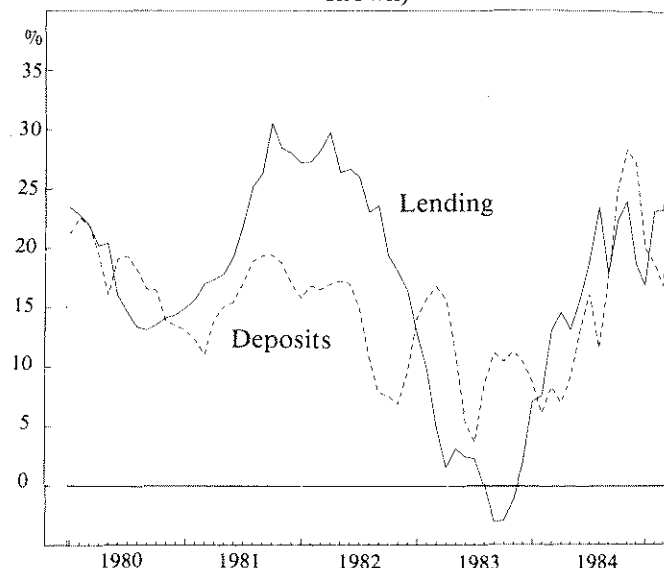
Savings bank lending and deposits rose 14.4 per cent and 8.7 per cent, respectively, in the year to March. This followed growth of 14.9 per cent and 7.7 per cent, respectively, in the twelve months to February.

Trustee savings bank (TSB) *lending and deposits* rose by 13.3 per cent and 13.8 per cent, respectively, over the year to March while *Post Office Savings Bank* (POSB) *lending and deposits* were up 51.8 per cent and 10.2 per cent respectively, over the same period (tables C.1, C.2).

Meanwhile, *private savings bank* (PSB) *lending and deposits* fell by 10.5 per cent and 16.2 per cent respectively, in the year to March (table C.3).

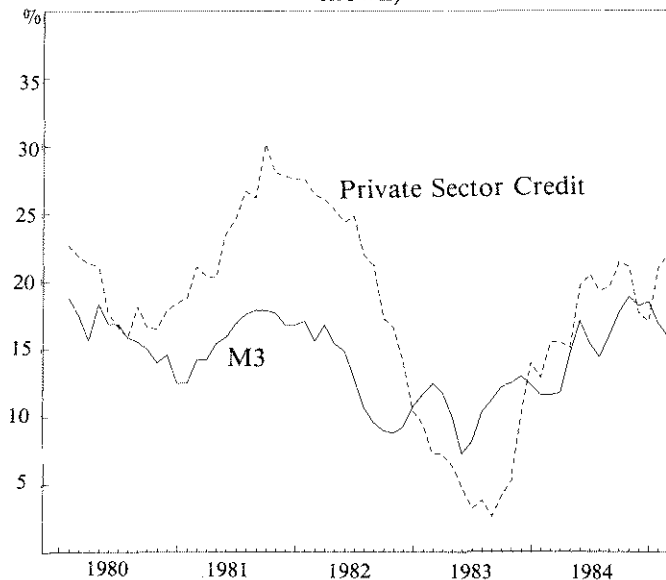
Trading bank interest rates on deposits during March were largely unchanged for longer-term maturities but rose sharply for maturities of under six months (table I.1).

Trading Bank Deposits and Lending
(Percentage change over twelve months ended month shown)



Volume of Money

(Percentage change over twelve months ended months shown)



Prices

The *consumer price index* rose 4.4 per cent in the March 1985 quarter, following a 3.2 per cent increase in the December 1984 quarter. In the year to March, the CPI rose 13.4 per cent, compared with 9.4 per cent in the year to December (table J.3).

Contributing to the increase in the CPI was the rise in food prices over recent months, culminating in a 2.5 per cent increase in the *food price index* for the month of March. The annual rate of increase in the index was 15.7 per cent (table J.3).

External Sector

Preliminary *trade figures* for the month of March show an excess of *exports over imports* of \$60.5 million, compared to an excess of \$124.6 million a year earlier.

New Zealand's *official overseas reserves* fell by \$60 million in February to \$2,772 million. A year earlier the reserves totalled \$1,221.4 million (table G.1).

Labour Market

The number of *registered unemployed* (excluding vacation workers) has continued to fall and was down 4.4 per cent to 50,523 at the end of March. This is 25 per cent below the year earlier figure of 67,578. The total of registered unemployed and assisted employed declined by 3.4 per cent over the same month to 89,048 and compares with 107,249 in March 1984 (table J.4).

An outflow of *permanent and long-term migrants* has contributed to the improvement in the labour market. A net outflow of 8,043 was recorded in the year to March 1985 compared to a net inflow of 6,558 in the twelve months to March 1984.

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. The statistics in the *Bulletin* tables have not been seasonally adjusted and therefore they may differ from the statistics given in this article.

Labour Market
(Seasonally adjusted; excluding vacation workers)

