

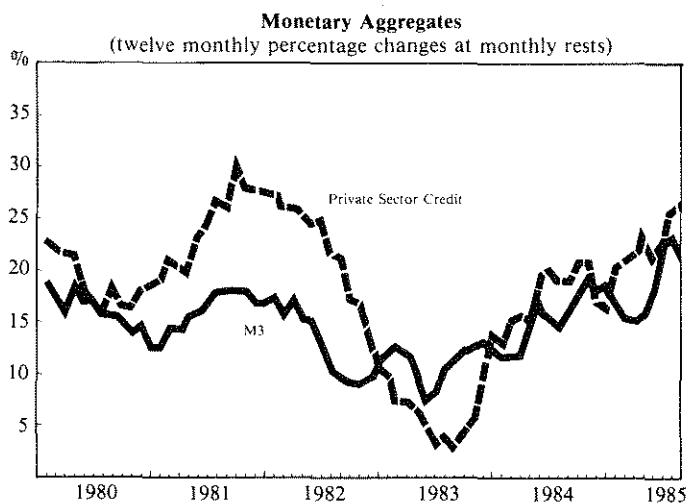
## ECONOMIC UPDATE

### Monetary Indicators

The level of *Primary Liquidity*, expressed as a daily average (non-seasonally adjusted), rose over September to \$1,454 million compared with \$1,206 million in August.

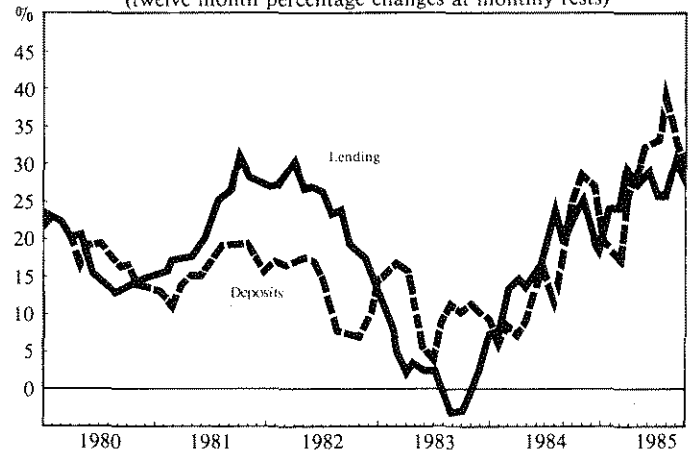
The *Money Supply* (M3) is estimated to have grown by 1.4 per cent in August after rising by 1.7 per cent in July. Over the twelve months to August M3 grew by 21.1 per cent, compared with growth of 22.9 per cent for the year to July (tables D1, D2, D3).

Estimates of *Private Sector Credit* (PSC) for August show an increase of 1.6 per cent following July's rise of 2.9 per cent. For the year to August PSC grew by 26.5 per cent, having risen 25.6 per cent in the July year (tables D2, D3, D4).



*Trading bank lending* rose by 27.6 per cent in the year to September compared with an increase of 31 per cent in the year to August. *Trading bank deposits* over the same period rose by 28.3 per cent, down on the August year increase of 32.8 per cent (tables B2, B3, B4, B7, B8, B11). As a result, the trading banks' lending to deposits ratio fell to 74.7 per cent in September compared with 75.8 per cent in the previous month.

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



*Total credit limits* at trading banks in September were 20.5 per cent higher than in September 1984 (table B12).

In the twelve months to September:

- *Savings bank lending* rose by 21.4 per cent and *deposits* by 8.2 per cent.
- *Trustee savings bank lending* and *deposits* increased by 10.7 per cent and 13.2 per cent respectively (table C2).
- *Post Office Savings Bank lending* rose by 100.1 per cent and *deposits* by 8 per cent (table C1).
- *Private savings bank lending* and *deposits* fell by 15.8 per cent and 13.9 per cent respectively (table C4).
- *Large finance companies' lending* rose by 32.4 per cent and *deposits* by 23.6 per cent (table F4).
- *Building societies' lending* and *deposits* were up by 6.7 per cent and 7.8 per cent respectively (table F5).

*Trading bank deposit interest rates* for large short-term deposits rose noticeably in September. Short-term rates on smaller deposits fell slightly while long-term rates (over three years) were unchanged (table I2).

**External Sector** (figures not seasonally adjusted)

There was a \$281 million net inflow of *private capital* over August after a net inflow of \$163 million in July (table G4).

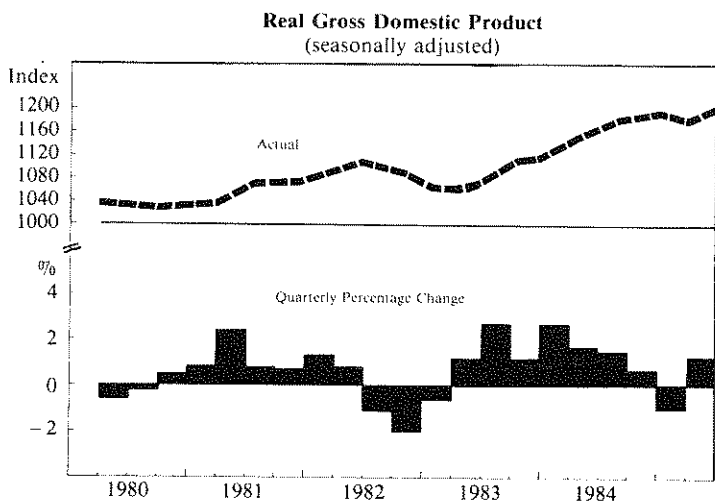
For the year ended August the *OET current account deficit* was \$2,590 million compared with \$2,566 million in the year to July and \$1,993 million in the twelve months to August 1984 (table G4).

*Merchandise trade* figures for September show an excess of imports over exports of \$37.4 million, with export values the lowest for nine months. In September 1984 imports exceeded exports by \$335.3 million (table G4).

New Zealand's *official overseas reserves* fell by \$214 million during August to an end-of-month level of \$2,978 million (table G1).

**National Income**

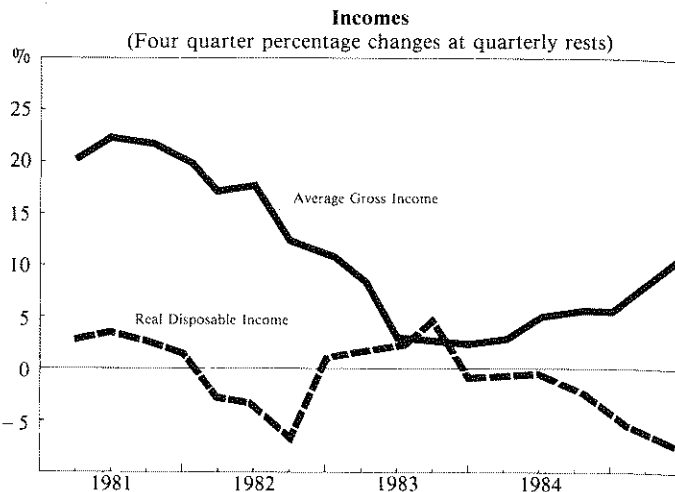
After falling by 0.8 per cent over the March quarter, *Real Gross Domestic Product* (GDP) rose by 1.3 per cent over the June quarter. This brought the increase for the four quarters ended June to 4.7 per cent, down from the peak growth of 7.5 per cent recorded for the year ended December 1984. Industry groups showing the strongest growth over the latest quarter were the fishing, hunting, forestry and mining group and the building and construction group. The only group to show a significant decrease for the quarter was electricity, gas and water.



**Incomes**

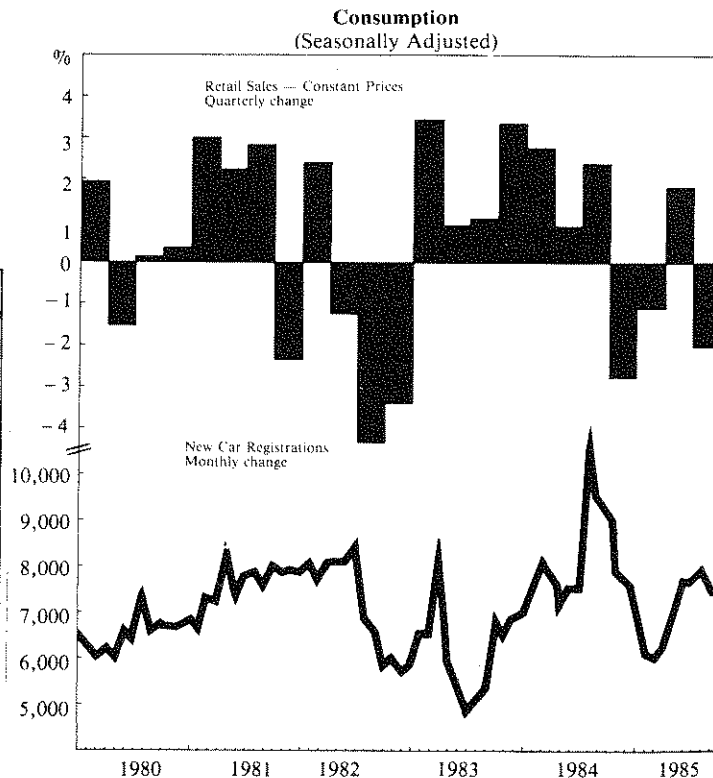
*Average real disposable incomes* of wage and salary earners fell 2 per cent over the June quarter, implying a 7.8 per cent decrease over the twelve months to June. Although gross incomes rose 10.7 per cent over the year this was more than offset by the 16.6 per cent increase in the Consumer Price Index over the same period and by the rise in average tax rates (table J3).

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**Consumption**

Retail turnover (in real terms) fell 2 per cent over the September quarter, more than offsetting the 1.8 per cent increase recorded over the previous three months. Automotive stores' sales accounted for most of the movement, and sales excluding this group fell 0.2 per cent, after a 1.1 per cent rise over the three months to June.



**Investment**

The *number of new dwelling permits* issued in September rose slightly on the previous month. The latest monthly increase of 0.7 per cent brought the number issued over the year ending September to 23,875, 9.8 per cent higher than a year previously (table J2).

The value of *surveyed import orders of machinery and electrical equipment* for the three months to August was 42.9 per cent higher than for the corresponding period a year earlier (table J2).

### Labour Market

The number of *registered unemployed* in September (49,313) was virtually unchanged from the number registered in August. The total of *registered unemployed and assisted employed* fell, however, by 0.9 per cent to reach 80,164. These two levels are 20.8 per cent and 22.7 per cent lower than the respective September 1984 levels (table J4).

The net outflow of *permanent and long-term migrants* continued in September. For the year ended September there was a net outflow of 16,416 compared to a net inflow of 547 in the year to September 1984.

### Government Sector (figures not seasonally adjusted)

*Government net expenditure* for the six months to September was \$8,484.7 million while *government revenue* for the same period was \$6,409.2 million. The *government deficit before borrowing* rose by 34.9 per cent in annual terms to reach \$2,075.5 million, compared with \$1,539.1 million over the same period a year earlier (table 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.

