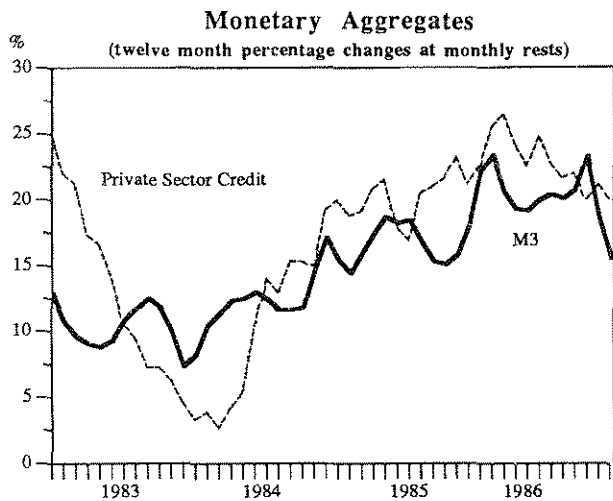


## ECONOMIC UPDATE

### Monetary Indicators

The *broad money supply* (M3) is estimated to have risen 0.2 per cent in May 1986, after decreasing 1.6 per cent in April. For the year ended May M3 rose 15.5 per cent, down on the 18.7 per cent increase recorded for the April year (D1, D2, D3).

*Private sector credit* (PSC) rose 1.3 per cent over May following 2.2 per cent growth in April. Over the twelve months to May, PSC is estimated to have risen 20.1 per cent, after increasing 21.1 per cent in the April year (D2, D3, D4).

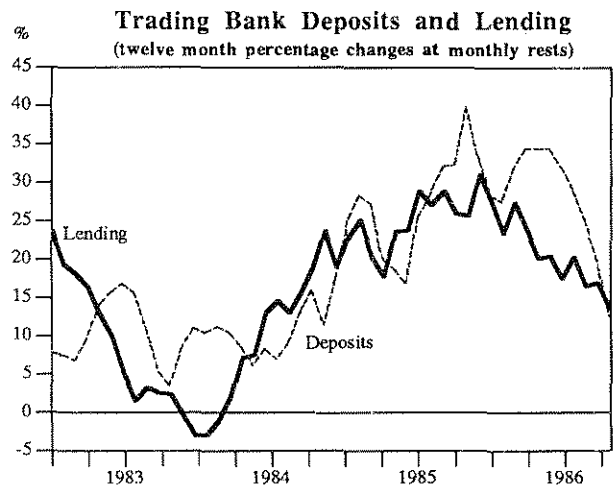


The level of *Primary Liquidity*, expressed as a daily average (non-seasonally adjusted) fell over July 1986 to \$540 million compared with \$635 million in June.

*Trading bank lending* rose 13.7 per cent in the year to July, following a 17 per cent rise in the year to June. *Trading bank deposits* over the same period were up 12.6 per cent, having risen 20.6 per cent in the June year (B2, B3, B4, B7, B8, B11). The trading banks' *lending to deposits ratio* was 76.3 per cent for July, compared with 75.4 per cent for June. *Total credit limits* at trading banks grew by 22.2 per cent in the year to June.

In the year to June:

- *Total savings bank lending* rose 12.7 per cent and *deposits* 7.8 per cent.



- *Trustee savings bank lending and deposits* increased by 6.3 per cent and 12.4 per cent respectively (C2).
- *Post Office Savings Bank lending* rose 48.1 per cent and *deposits* 7.2 per cent (C1).
- *Private savings bank lending* fell 17.2 per cent and *deposits* 15.8 per cent (C4).
- *Large finance companies' lending and deposits* increased by 17.6 per cent and 17.4 per cent respectively (F4).
- *Building societies' lending and deposits* were up 9.4 per cent and 21.4 per cent respectively (F5).
- *Trading bank deposit interest rates* on terms of less than twelve months fell again over June, while longer term rates also showed a significant decline (I2).

### External sector (figures not seasonally adjusted).

A \$6 million net outflow of *private capital* was recorded over May after a \$265 million net inflow in the previous month (G4). For the year to May 1986 there was a net inflow of \$1431 million compared with a \$2,359 million net inflow for the year ended May 1985.

The *OET current account deficit* for the year ended May was \$1882 million, down on the \$2,088 million deficit for the year ended April and down also on the

\$2,889 million deficit recorded over the May 1985 year (G4).

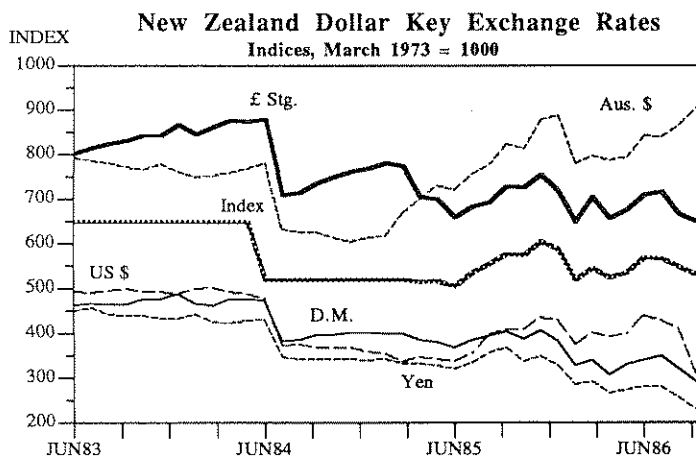
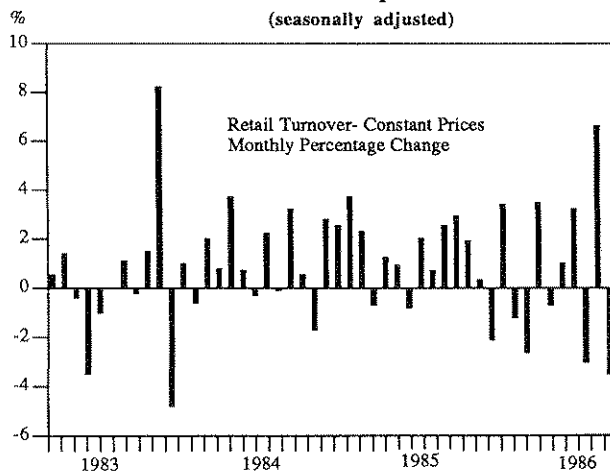
*Merchandise Trade* figures for June show an excess of exports over imports of \$157.6 million. A year earlier imports for the month of June 1985 exceeded exports by \$37.9 million (G4).

New Zealand's *official overseas reserves* rose by \$323 million during June to an end-of-month level of \$2882 million. At the end of June 1985 reserves stood at \$2729 million (G1).

During the month of July 1986, the *New Zealand dollar* depreciated against all the currencies of our major trading partners, except the Australian dollar. Compared with the end-of-June level, the New Zealand dollar had, at month end, depreciated 5.4 per cent against the United States dollar, 2.5 per cent against sterling, 10.5 per cent against the yen and 9 per cent against the Deutschmark, while appreciating 4.9 per cent against the Australian dollar. In terms of the exchange rate index the New Zealand dollar depreciated by 2.4 per cent.

*New car registrations* fell 1.6 per cent in June after falling 5.5 per cent in May (J1).

**Consumption**  
(seasonally adjusted)

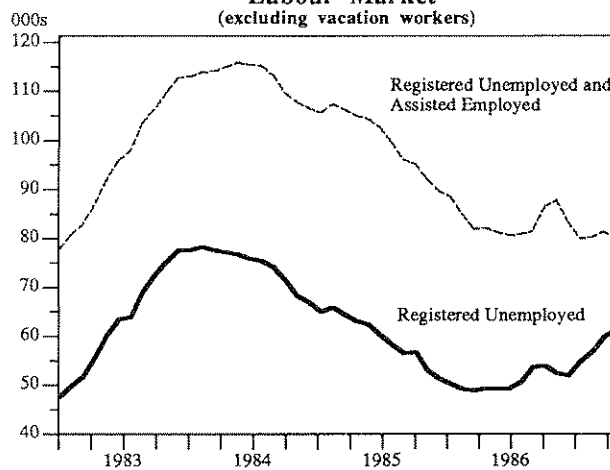


**Labour Market**

The number of *registered unemployed* rose by 2.4 per cent in June to 61,284, having risen by 5.6 per cent the previous month. In June the total of *registered unemployed and assisted employed* fell 0.7 per cent to 80,947, 1.3 per cent less than a year earlier (J4).

A net outflow of 1,687 *permanent and long-term migrants* was recorded over June, bringing the net outflow over the last year to 21,835

**Labour Market**  
(excluding vacation workers)



**National Income**

After falling 0.6 per cent in the December quarter, *real GDP* fell a further 2.5 per cent in the March quarter. This represented a decrease of 1.6 per cent for the year ended March, down on the 0.2 per cent increase recorded for the year ended December. The largest falls in the quarter were recorded in the construction and manufacturing sectors while the strongest increase was in the electricity, gas and water sector.

**Prices**

The *Food Price Index* for July recorded no change from June, bringing the annual rate of increase down to 6.8 per cent, the lowest annual increase since September 1984 (J3).

**Investment**

The *number of new dwelling permits* issued in June rose 15.1 per cent after a fall of 7.1 per cent in May. The number issued over the twelve months to June was 2.3 per cent lower than for the year ended June 1985 (J2).

The *value of surveyed import orders* for machinery and electrical equipment over the three months to May was 31.4 per cent lower than for the three months to May 1985 (J2).

**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.

**Consumption**

*Retail turnover* fell by 3.5 per cent in May after increasing 6.6 per cent in the previous month. Turnover excluding the automotive sector decreased by 1.5 per cent (J1).