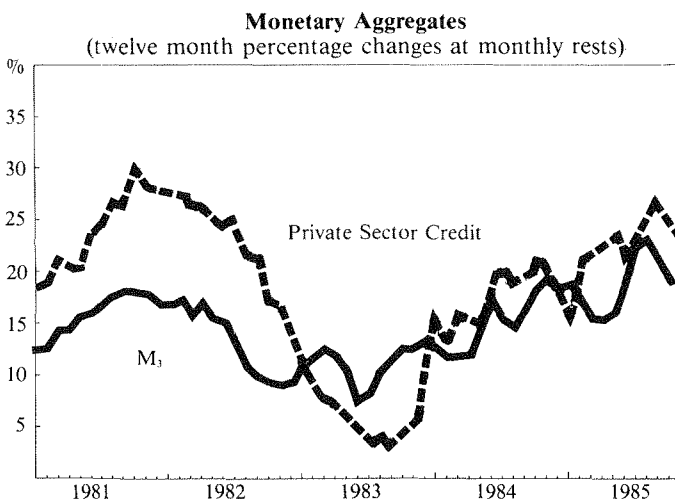


ECONOMIC UPDATE

Monetary Indicators

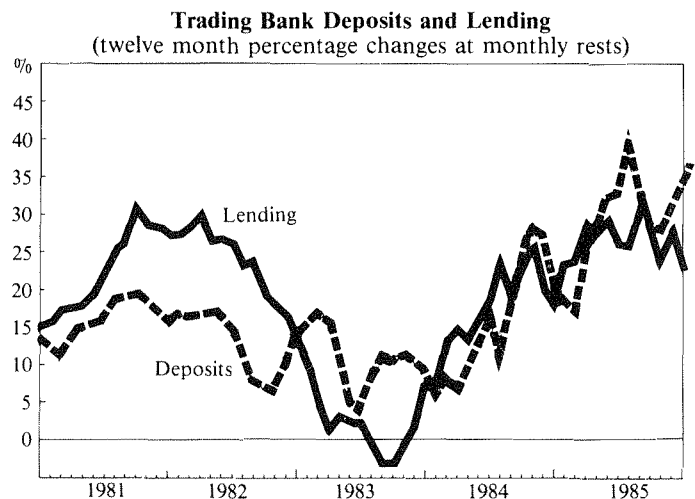
The *Money Supply* (M3) is estimated to have grown 1.4 per cent in October after rising 1.2 per cent in September. Over the year to October M3 rose 19.1 per cent, down slightly from the 19.3 per cent growth over the twelve months to September (D1, D2, D3).

Private Sector Credit (PSC) was unchanged over October, having risen 1 per cent in September. For the year to October, PSC is estimated to have risen 22.2 per cent which compares with a 24.1 per cent increase for the year to September (D2, D3, D4).



Trading bank lending rose 23.9 per cent in the year to December compared with 27.4 per cent in the year to November. *Trading bank deposits* over the same period were up 34.5 per cent, having risen 31.6 per cent in the November year (B2, B3, B4, B7, B8, B11). The trading banks' *lending to deposits ratio* rose slightly to 71.2 for December.

Reserve Bank Bulletin, Vol. 49, No. 1, 1986.



Total credit limits at trading banks for November were 22 per cent higher than a year earlier (B12).

The level of *Primary Liquidity*, expressed as a daily average (non-seasonally adjusted), rose over December to \$2,397 million compared with \$1,454 million in October and \$2,098 million in November.

In the year to November:

- *Savings bank lending* rose 20.6 per cent and deposits 8.2 per cent.
- *Trustee savings bank lending and deposits* rose 9.1 per cent and 11 per cent respectively (C2).
- *Post Office Savings Bank lending* rose 97.6 per cent while deposits were up 11.1 per cent (C1).
- *Private savings bank lending* fell 16.5 per cent and deposits 15.8 per cent (C4).

— *Large finance companies' lending and deposits* increased by 26.7 per cent and 23.6 per cent respectively (F4).

— *Building societies' lending* rose 8.9 per cent and deposits 7.9 per cent (F5).

Interest rates on trading bank deposits eased over November, with noticeable falls in short-term rates and smaller reductions in longer term rates (I2).

External Sector (figures not seasonally adjusted)

A \$72 million net inflow of *private capital* was recorded over October after a net inflow of \$93 million in September (G4).

The *OET current account deficit* for the year ended October was \$2,390 million compared with \$2,591 million for the year ended September and \$2,065 million for the October 1984 year (G4).

Merchandise trade import payments exceeded export receipts by \$144.3 million in November. A year earlier imports for the month exceeded exports by \$232.5 million (G4).

A *balance of payments current account deficit* of \$888 million was recorded over the September quarter, bringing the deficit for the year to September to \$2,442 million. This compares with a \$2,569 million deficit for the year to September 1984 (J4).

New Zealand's *official overseas reserves* fell by \$174.9 million in October to reach \$2,345.8 million. The level of reserves at October 1984 was \$2,211.1 million (G1).

The *Export Price Index* fell 4.9 per cent over the September quarter but was 3.2 per cent above the level a year ago. The *Import Price Index* fell 3.5 per cent over the same quarter but was 5.7 per cent higher than for September 1984. The *Export Volume Index* fell 13.2 per cent in the September quarter but rose 8.6 per cent over the September year. The *Import Volume Index* rose 1.9 per cent and 7.6 per cent, over the September quarter and year, respectively.

Consumption

Retail turnover rose 3.5 per cent in November after falling 2.6 per cent the previous month. Turnover excluding the automotive sector was up 4.2 per cent (J1).

New car registrations fell 1.5 per cent in November, after falling 5.7 per cent in October (J1).

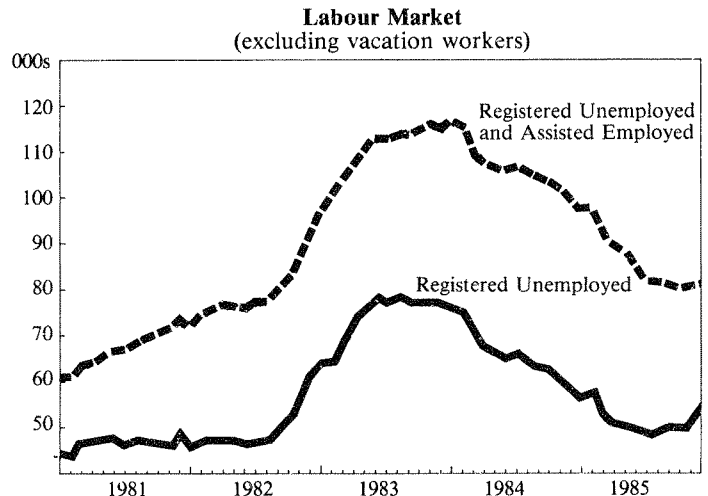
Investment

The *number of new dwelling permits* issued in November was 1 per cent higher than in October (J2).

The *value of building work put in place* over the September quarter rose noticeably on the June quarter. The value of dwellings (including additions and alterations) was up 6 per cent while the value of other buildings was 6.4 per cent higher.

Labour Market

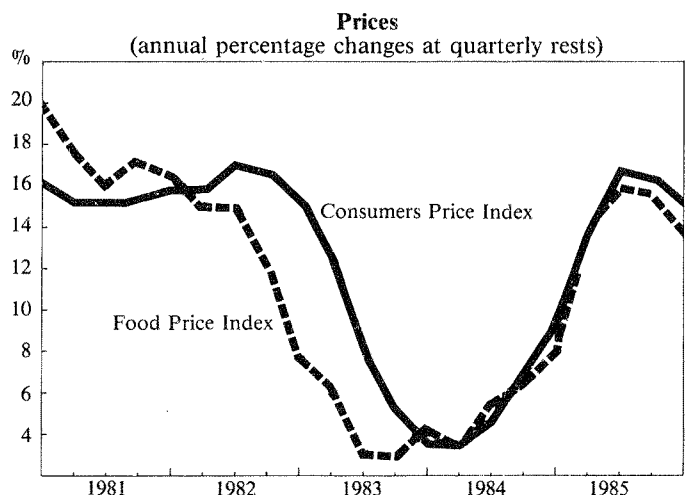
The number of *registered unemployed* rose 5.4 per cent in November to reach 53,642, the fifth successive monthly increase. The total of *registered unemployed and assisted employed* rose by 0.8 per cent over the same month to 81,079 (J4).



Prices

The *Consumers Price Index* (CPI) rose 2.3 per cent over the December quarter and 15.3 per cent over the December year. The respective increases for the September quarter and year were 2.8 per cent and 16.3 per cent.

Contributing to the latest CPI figure was the 0.6 per cent fall in the *Food Price Index* for the December month, the first monthly decrease in almost two years (J3).



The *Producers Price Index* rose 1.4 per cent for inputs and 1.7 per cent for outputs in the September quarter, giving annual rates of increase of 15.8 per cent and 14.7 per cent respectively. The respective increases for the June quarter were 4.8 per cent and 4.6 per cent, with the June year increases 19.8 per cent and 17.3 per cent (J3).

Government Sector (figures not seasonally adjusted)

Government net expenditure for the eight months ended November was 18.7 per cent higher than for the corresponding period in 1984 while *government revenue* was up 16.2 per cent. The *government deficit before borrowing* for the eight months was \$2,991.2 million, 26.3 per cent higher than for the eight months to November 1984 (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.

Incomes (figures not seasonally adjusted)

The average real disposable incomes of wage and salary earners as measured by the *Real Disposable Income Index* fell 2.3 per cent over the September quarter, implying a 6.8 per cent decrease in annual terms. Although gross incomes rose 11.8 per cent over the year this was more than offset by inflation and increased average tax rates (J3).

