

ECONOMIC UPDATE

Monetary Indicators

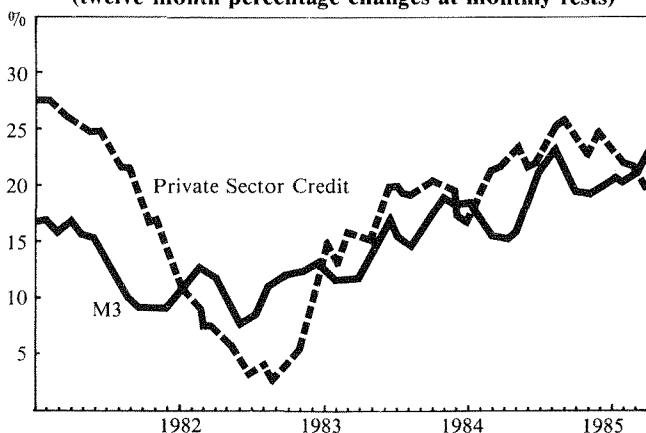
The *broad money supply* (M3) is estimated to have grown 3.5 per cent in March 1986, after increasing 1 per cent in February. For the year ended March M3 rose 23.7 per cent, up on the 21.1 per cent increase recorded for the February year (D1, D2, D3).

Private sector credit (PSC) rose 0.3 per cent over March following 1.9 per cent growth in February. Over the twelve months to March, PSC is estimated to have risen 19.1 per cent, after increasing 21.3 per cent in the February year (D2, D3, D4).

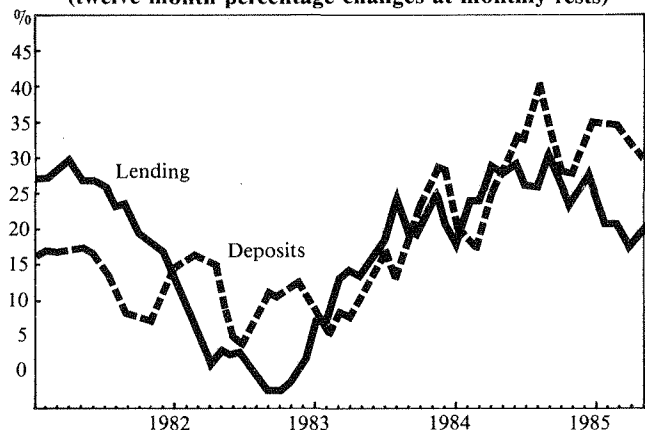
Trading bank lending rose 17.2 per cent in the year to May, following a 20.3 per cent rise in the year to April. *Trading bank deposits* over the same period were up 24.8 per cent, having risen 29 per cent in the April year (B2, B3, B4, B7, B8, B11). The trading banks' *lending to deposits ratio* was 71.7 per cent for May, compared with 72.9 per cent for April. *Total credit limits* at trading banks grew by 18.9 per cent in the year to April.

The level of *Primary Liquidity*, expressed as a daily average (non-seasonally adjusted) decreased over May 1986 to \$649 million compared with \$902 million in April.

Monetary Aggregates
(twelve month percentage changes at monthly rests)



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



In the year to April:

- *Total savings bank lending* rose 16.4 per cent and *deposits* 4.8 per cent.
- *Trustee savings bank lending* and *deposits* increased by 5.2 per cent and 8.5 per cent respectively (C2).
- *Post Office Savings Bank lending* rose 80.3 per cent and *deposits* 5.2 per cent (C1).
- *Private savings bank lending* fell 18.1 per cent and *deposits* 17.3 per cent (C4).
- *Building societies' lending* and *deposits* were up 8.8 per cent and 14.9 per cent respectively (F5).
- *Trading bank deposit interest rates* on terms of less than twelve months fell over April, while longer term rates were virtually unchanged (I2).

External sector (figures not seasonally adjusted).

A \$148 million net inflow of *private capital* was recorded over March after an \$81 million net inflow the previous month (G4). For the year to March 1986 there

was a net inflow of \$1,716 million compared with a \$1,899 million net inflow for the year ended March 1985.

The *OET current account deficit* for the year ended March was \$1,892 million, well down on the \$2,215 million deficit for the year ended February and the \$2,676 million deficit for the March 1985 year (G4).

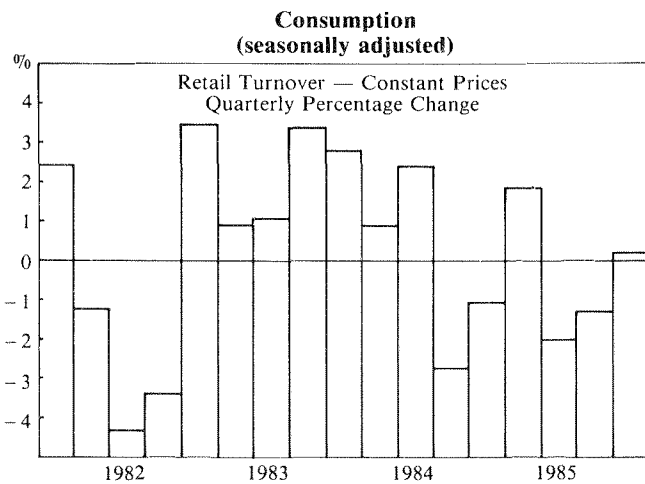
Merchandise Trade figures for April show an excess of exports over imports of \$5.6 million. A year earlier imports for the month exceeded exports by \$29.5 million (G4).

New Zealand's *official overseas reserves* decreased by \$166 million during April to an end-of-month level of \$2502 million. At the end of April 1985 reserves stood at \$2463 million (G1).

Consumption

Retail turnover (in real terms) rose 0.2 per cent over the March 1986 quarter, having fallen 1.3 per cent the previous quarter (J1).

New car registrations rose by 0.8 per cent in April after falling 1.2 per cent in March (J1).



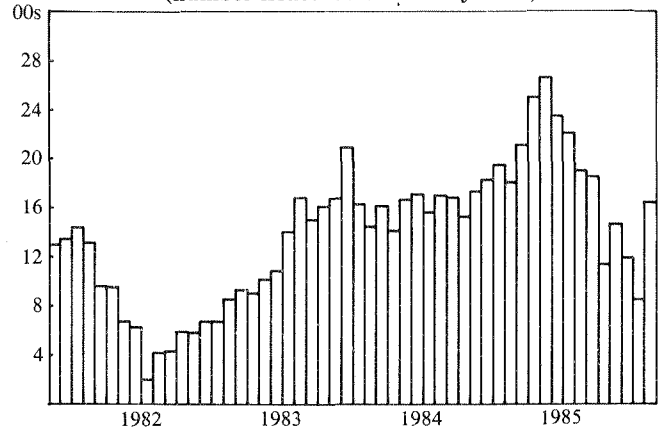
Investment

The number of new dwelling permits issued in April rose 27.9 per cent after a fall of 10.5 per cent in March. However, the number issued over the twelve months to April was 5.2 per cent lower than for the year ended April 1985 (J2).

The value of building work put in place over the December quarter rose 8.8 per cent for dwellings (including additions and alterations) and rose 5.9 per cent for other buildings.

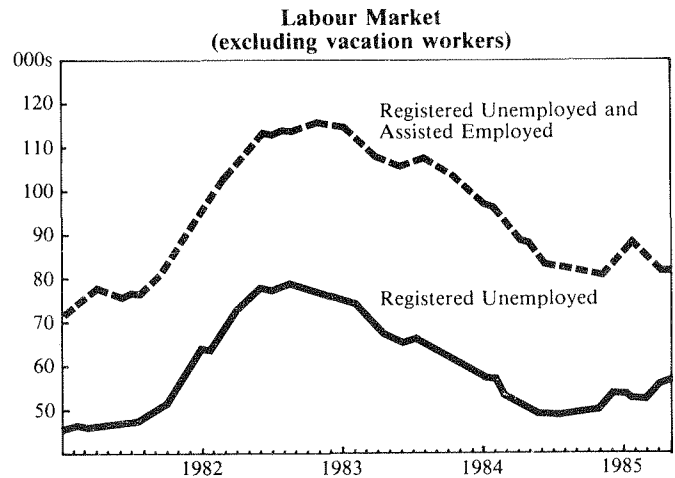
The value of surveyed import orders for machinery and electrical equipment over the three months to March was 19.9 per cent less than for the three months to March 1985 (J2).

New Dwelling Permits
(number issued on a monthly basis)



Labour Market

The number of registered unemployed rose by 3.3 per cent in April to 56,559, having risen by 5.3 per cent the previous month. In April the total of registered unemployed and assisted employed rose 0.1 per cent to 80,212, 8.7 per cent less than a year earlier (J4).



A net outflow of 1,732 permanent and long-term migrants was recorded over April bringing the net outflow over the last year to 21,427.

Prices

The Food Price Index rose 0.9 per cent in April, bringing the annual rate of increase to 8.7 per cent (J3).

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.