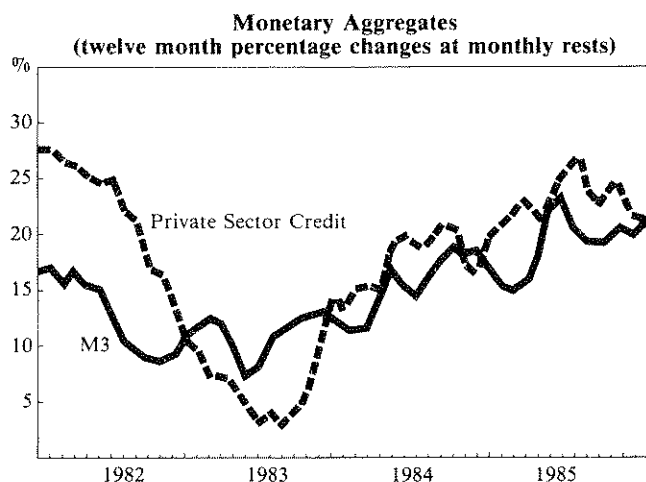


ECONOMIC UPDATE

Monetary Indicators

The *money supply* (M3) is estimated to have grown 1.1 per cent in February 1986, after falling 0.1 per cent in January. For the year ended February M3 rose 21.1 per cent, up slightly on the 20.1 per cent increase recorded for the January year (D1, D2, D3).

Private sector credit (PSC) rose 2 per cent over February following 1.1 per cent growth in January. Over the twelve months to February, PSC is estimated to have risen 21.3 per cent, almost unchanged from the 21.2 per cent growth estimated for January (D2, D3, D4).

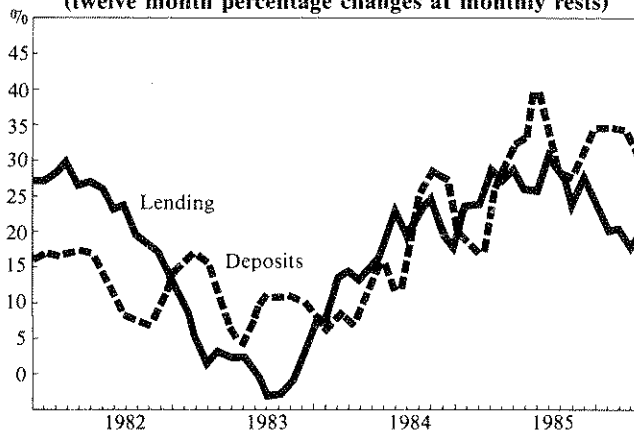


Trading bank lending rose 20.4 per cent in the year to April, following a 17.5 per cent rise in the year to March. *Trading bank deposits* over the same period were up 29 per cent, having risen 32.1 per cent in the March year (B2, B3, B4, B7, B8, B11). The trading banks' *lending to deposits ratio* was 72.9 per cent for April, compared with 71.7 per cent for March. *Total credit limits* at trading banks grew by 21 per cent in the year to March.

The level of *Primary Liquidity*, expressed as a daily average (non-seasonally adjusted) decreased markedly over April 1986 to \$902 million compared with \$1,743 million in March.

In the year to March:

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



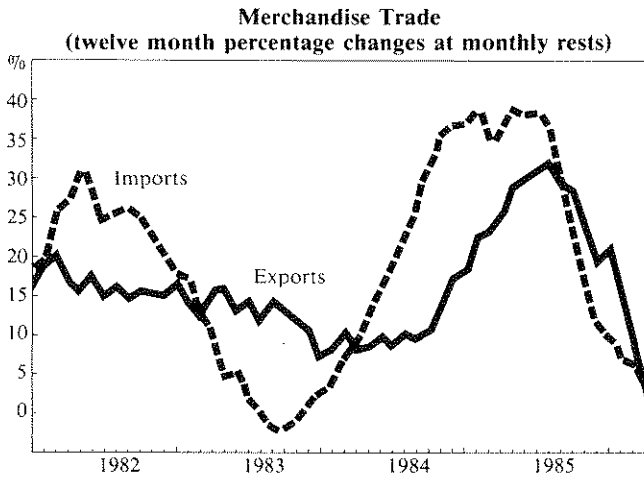
- *Savings bank lending* rose 17.2 per cent and deposits 7.3 per cent.
- *Trustee savings bank lending and deposits* increased by 5.7 per cent and 10.9 per cent respectively (C2).
- *Post Office Savings Bank lending* rose 84.6 per cent and deposits 8.3 per cent (C1).
- *Private savings bank lending* fell 17.6 per cent and deposits fell 15.9 per cent (C4).
- *Building societies' lending and deposits* were up 9 per cent and 12 per cent respectively (F5).
- *Trading bank deposit interest rates* on terms of less than twelve months fell over March, while longer term rates were virtually unchanged (I2).

External sector (figures not seasonally adjusted).

An \$81 million net inflow of *private capital* was recorded over February after a \$99 million net inflow the previous month (G4). For the year to February there was a net inflow of \$1,765 million compared with a \$1,758 million net inflow for the year ended February 1985.

The *OET current account deficit* for the year ended February was \$2,215 million compared with \$2,541 million for the year ended January and \$2,381 million for the February 1985 year (G4).

Merchandise Trade figures for March show an excess of imports over exports of \$137.2 million. A year earlier exports for the month exceeded imports by \$60.5 million (G4).

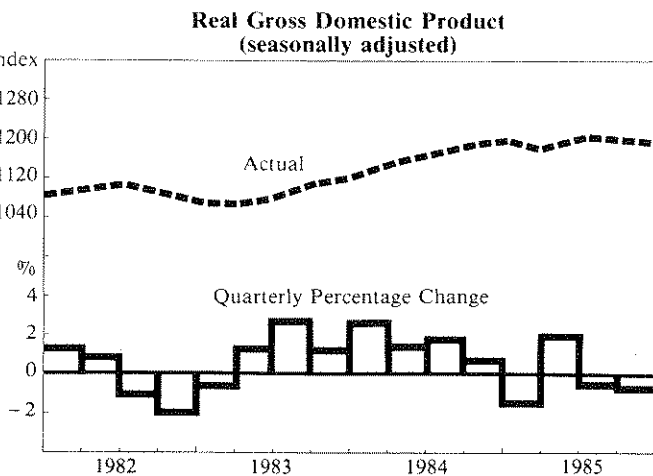


New Zealand's *official overseas reserves* decreased by \$183 million during March to an end-of-month level of \$2,667 million. At the end of March 1985 reserves stood at \$1,940 million (G1).

The *Export Price Index* fell 5.8 per cent over the December quarter and was 10.4 per cent below the level a year ago. The *Import Price Index* fell 9.4 per cent over the same quarter, the index being 10.7 per cent lower than for December 1984. The *Export Volume Index* rose 10.5 per cent over the December year while the *Import Volume Index* fell 3.5 per cent over the same period.

National Income

After falling 0.4 per cent in the September quarter, *real GDP* fell a further 0.6 per cent in the December quarter. This represented a decrease of 0.5 per cent for the year ended December, down markedly on the 3.2 per cent increase recorded for the year ended September. The largest falls in the quarter were recorded in the manufacturing and electricity, gas and water sectors, while the strongest increases were in fishing, hunting, forestry and mining, and construction.



Consumption

New car registrations fell by 0.9 per cent in March after increasing 0.4 per cent in February (J1).

Investment

The *number of new dwelling permits* issued in March fell by a further 7.7 per cent after a fall of 9.2 per cent in February. However, the number issued over the twelve months to March was 5.6 per cent higher than for the year ended March 1985 (J2).

The *value of surveyed import orders* for machinery and electrical equipment over the three months to February was 8.6 per cent less than for the three months to February 1985 (J2).

Labour Market

The number of *registered unemployment* rose by 2.4 per cent in March to 53,519, having fallen by 0.6 per cent the previous month. In March the total of *registered unemployed and assisted employed* fell 4.2 per cent to 78,829, 10.9 per cent less than a year earlier (J4).



Prices

The *Food Price Index* rose 0.7 per cent in March, bringing the annual rate of increase to 9.6 per cent (J3).

Government sector (figures not seasonally adjusted).

Government net expenditure for the year ended March 1986 was 15.4 per cent higher than for the year ended March 1985, while *government revenue* was up 26.1 per cent. The *government deficit before borrowing* for the year ended March 1986 was \$1,871 million compared with \$2,783 million for the year ended March 1985.

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.