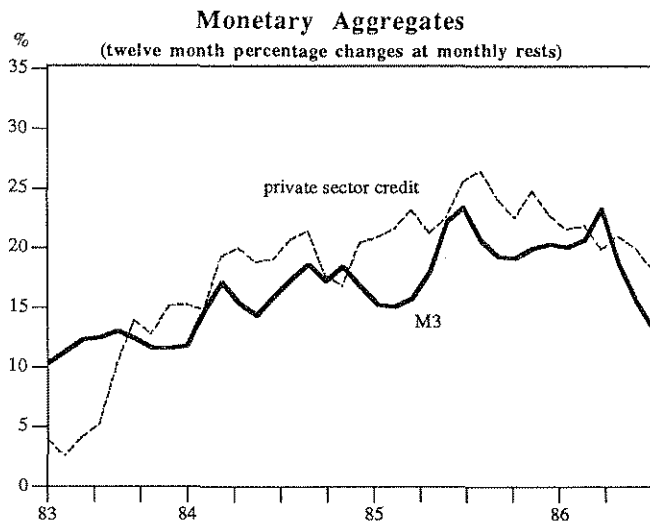


# ECONOMIC UPDATE

## Monetary Indicators

The *broad money supply* (M3) is estimated to have risen 0.8 per cent in June 1986, after increasing 0.3 per cent in May. For the year ended June, M3 rose 13.2 per cent, down on the 15.5 per cent increase recorded for the May year (D1, D2, D3).

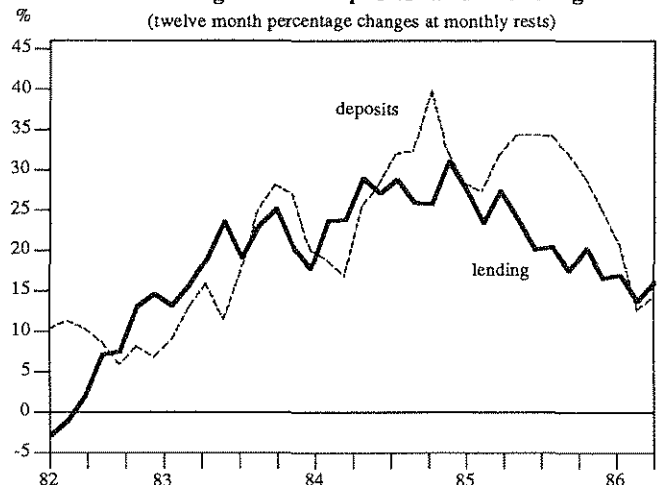
*Private sector credit* (PSC) rose 0.6 per cent over June following 1.2 per cent growth in May. Over the twelve months to June, PSC is estimated to have risen 18.2 per cent, after increasing 20.1 per cent in the May year (D2, D3, D4).



The level of *Primary Liquidity*, expressed as a daily average (non-seasonally adjusted) rose over August 1986 to \$739 million compared with \$540 million in July.

*Trading bank lending* rose 16 per cent in the year to August, following a 13.7 per cent rise in the year to July. *Trading bank deposits* over the same period were up 14.8 per cent, having risen 12.5 per cent in the July year (B2, B3, B4, B7, B8, B11). The trading banks' *lending to deposits ratio* was 73.8 per cent for August, compared with 76.3 per cent for July. *Total credit limits* at trading banks grew by 23.8 per cent in the year to July.

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



In the year to July:

- *Total savings bank lending* rose 10.7 per cent and *deposits* 8.9 per cent.
- *Trustee savings bank lending* and *deposits* increased by 8.5 per cent and 13.3 per cent respectively (C2).
- *Post Office Savings Bank lending* rose 30.2 per cent and *deposits* 8.2 per cent (C1).

- *Private savings bank lending* fell 18.4 per cent and *deposits* 13.8 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 10.7 per cent and 22.8 per cent respectively (F5).
- *Trading bank deposit interest rates* on terms of less than twelve months fell again over July, while longer term rates were virtually unchanged (I2).

**Consumption**

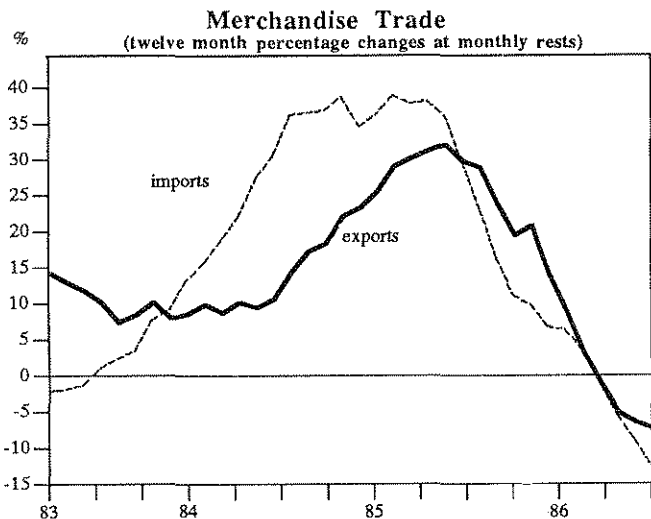
*Retail turnover* rose by 0.5 per cent in June after decreasing 3.5 per cent in the previous month. Turnover excluding the automotive sector increased by 0.6 per cent (J1).

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

A \$23 million net outflow of *private capital* was recorded over June after a \$6 million net outflow in the previous month (G4). For the year to June 1986, there was a net inflow of \$1,221 million compared with a \$2,482 million net inflow for the year ended June 1985.

The *OET current account deficit* for the year ended June was \$2,039 million, up on the \$1,882 million deficit for the year ended May, but down on the \$2,572 million deficit recorded over the June 1985 year (G4).

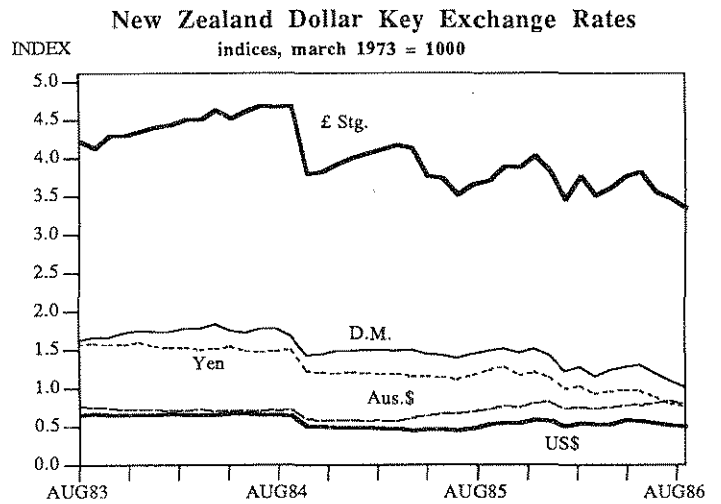
*Merchandise Trade* figures for July show an excess of exports over imports of \$152.1 million. A year earlier imports for the month of July 1985 exceeded exports by \$223.3 million (G4).



New Zealand's *official overseas reserves* increased by \$16 million during July to an end-of-month level of \$2,897 million. At the end of July 1985 reserves stood at \$3,192 million (G1).

During the month of August 1986, the *New Zealand dollar* depreciated against all the currencies of its major trading partners. Compared with the end-of-July level, the New Zealand dollar had, at month end, depreciated 6.4 per cent against the United States dollar, 5.4 per cent against sterling, 7.7 per cent against the Australian dollar, 5.3 per cent against the yen and 8.2 per cent against the Deutschmark. In terms of the exchange rate

index, the New Zealand dollar depreciated by 6.5 per cent. The index was 60.4 at the end of August 1986.



**Investment**

The *number of new dwelling permits* issued in July rose 8.3 per cent after a rise of 15.1 per cent in June. The number issued over the twelve months to July was 5.6 per cent lower than for the year ended July 1985 (J2).

The *value of surveyed import orders* for machinery and electrical equipment over the three months to June was 37.8 per cent lower than for the three months to June 1985 (J2).

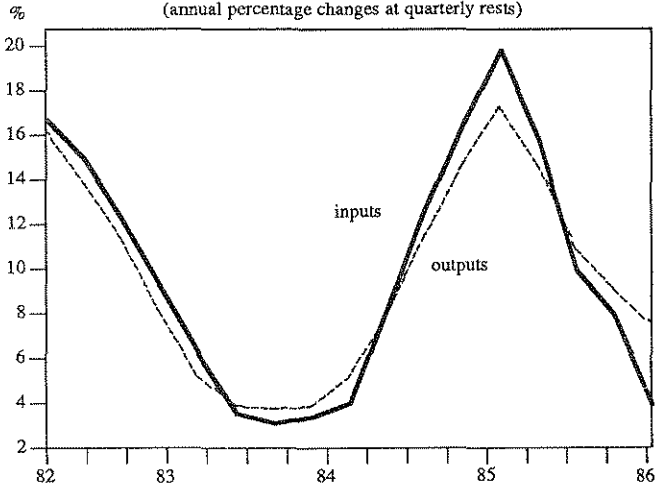
**Labour Market**

The number of *registered unemployed* rose by 4.8 per cent in July to 64,242, having risen by 2.4 per cent the previous month. In July, the total of *registered unemployed and assisted employed* rose 3.9 per cent to 83,051, 1.2 per cent more than a year earlier (J4).

A net outflow of 1,361 *permanent and long-term migrants* was recorded over July, bringing the net outflow over the last year to 21,583.



**Producers Price Index**  
(annual percentage changes at quarterly rests)



## Prices

The *Food Price Index* for August rose 1.7 per cent bringing the annual rate of increase to 7.6 per cent. (J3).

The *Producers Price Index* rose 1 per cent for inputs and 2.9 per cent for outputs in the June quarter, giving annual rates of increase of 3.9 per cent and 7.5 per cent respectively, the lowest annual increases since the June 1984 quarter (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.