

New Zealand Economic Chronology 1992

1992

- 6 January: The Reserve Bank released a statement reiterating its focus on the inflation outlook for 1992 and 1993 and noting that it was continuing to watch monetary conditions closely. The Bank noted that it would be concerned if there were further weakening in the exchange rate, because at then current levels inflation outcomes for 1992 and 1993 were now expected to be towards the top end of the target ranges.
- 15 January: The CPI fell by 0.1 percent in the December quarter, bringing CPI inflation for the year to December 1991 to 1 percent. The Reserve Bank released a statement welcoming the inflation out-turn for the year.
- 3 March: International credit rating agency Standard and Poors reaffirmed the AA-rating of New Zealand's long-term debt.
- 15 April: The CPI out-turn for the March quarter was 0.4 percent, bringing CPI inflation for the year to March to 0.8 percent. Underlying CPI inflation was estimated by the Bank to be 1.3 percent for the year to March.
- 28 April: The Minister of Finance announced that the Government's forecast financial deficit for the 1991/92 year was now expected to be \$3,425 million, \$671 million more than had been estimated in December 1991, due mostly to lower than expected tax revenue.
- 13 May: The Department of Statistics announced a revision to total overseas debt at 30 September 1991 from \$51 billion to \$60 billion. Of the \$9 billion upwards revision, \$7.5 billion was due to borrowing from related companies that was previously either unrecorded or considered to be equity investment. The Department also published revised balance of payments statistics, showing a current account surplus of \$116 million for 1991, compared to a deficit of almost \$2.2 billion for 1990.
- 5 and 9 June: The Minister of Finance announced on 5 June that the projected fiscal deficits for the next two years were likely to be larger than previously expected. This was reiterated in a statement released on 9 June.

- 19 June: The Government's financial balance for the ten months to April 1992 was announced. The \$1.27 billion deficit for the period was lower than previously expected.
- 2 July: The Government released its 1992 Budget. The estimated actual financial deficit (after adjusting for currency revaluations and sales of forest cutting rights) for the 1991/92 fiscal year was \$3.2 billion, compared to an adjusted deficit of \$2.6 billion in the 1990/91 fiscal year. For the 1992/93 and 1993/94 fiscal years, financial deficits of \$3.3 billion and \$2.84 billion are projected.
- 14 July: The June quarter CPI outcome was released. During this quarter, the CPI increased by 0.3 percent, bringing inflation for the year to June to 1 percent. Underlying inflation was estimated by the Bank to have been 0.5 percent for the quarter and 1.4 percent for the year.
- 3 September: Movements in the exchange rate prompted the Bank to comment that these movements reflected volatility in the foreign exchange markets and were not seen as a risk to the Bank's price stability targets.
- 9 September: A fall in the exchange rate led the Reserve Bank to indicate that, were this fall to be sustained, the Bank's price stability targets could be put at risk.
- 14 September: A realignment of the EMS currencies was announced. The Italian lira was devalued by 3.5 percent and other ERM currencies were revalued by 3.5 percent.
- 17 September: The British pound and Italian lira were withdrawn from the ERM.
- 30 September: The Reserve Bank responded to further falls in the exchange rate by stating that it was watching monetary conditions closely and that such falls, were they to be sustained, could pose risks to the Bank's price stability targets.
- 13 October: The Government announced that the audited fiscal deficit for the 1991/92 year was \$634 million less than estimated on Budget night.
- 14 October: The September quarter CPI outcome was released. During this quarter the CPI increased by 0.3 percent, bringing inflation over the year to September to 1 percent. Underlying inflation was estimated by the Bank to have been 0.5 percent for the quarter and 1.5 percent for the year.

- 9 November: The Government released the fiscal outcome for the first three months of the 1992/93 fiscal year. The \$826 million adjusted deficit for the period was lower than previously forecast.
- 1 December: In responding to a fall in the exchange rate the Reserve Bank reiterated its commitment to achieving price stability and expressed concern about the inflation implications of any further weakening in the exchange rate.
- 15 December: The Reserve Bank responded to a weakening in the exchange rate by purchasing outright \$30 million of government bonds as part of an open market operation.
- 16 December: The Minister of Finance announced the reappointment of Dr Donald T Brash as Governor of the Reserve Bank when his current term as Governor expires on 31 August 1993. At the same time, a new Policy Targets Agreement (PTA) was signed by the Minister of Finance and the Governor. Under the new PTA, the Reserve Bank is required to keep 12-monthly increases in the Consumers Price Index within 0-2 percent.
- 17 December: The Government released its December Economic and Fiscal Update. The financial deficit forecast for the 1992/93 financial year was revised down slightly to \$3,219 million. However for the 1993/94 and 1994/95 years the deficit was revised up to \$2,914 million and \$2,723 million respectively.
- The Debt Management Office announced that the 1992/93 bond programme would be reduced by \$250 million from the next tender to eliminate the prospect of over funding.
- 24 December: The Reserve Bank responded to continued weakness in the exchange rate by not conducting an OMO. Consequently, \$41 million of Reserve Bank bills that had been earlier discounted in the day were not offered back to the market.

