

RBNZ MPS starting-point surprise chart pack

19 November 2024



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Contact

Miles Workman or Sharon Zollner for more details.

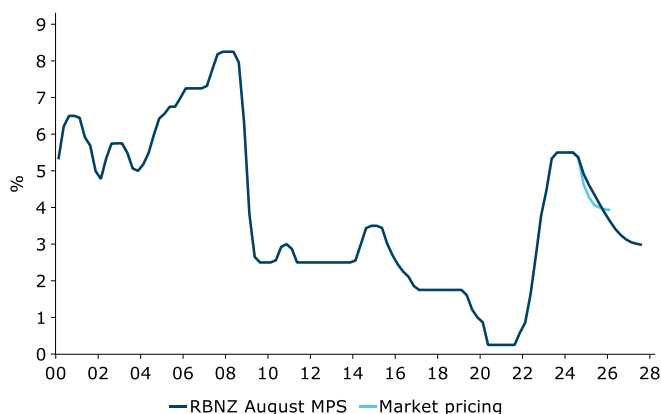
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Some recalibration required

Key points:

- Data since the August MPS has been mixed vs the RBNZ's forecast.
- Both production and expenditure GDP came in a little stronger than forecast in Q2, house prices have been a little weaker, and after being slightly higher in Q3 the daily NZD is now tacking close to forecast.
- The unemployment rate printed a little lower than forecast in Q3, but with evidence of weaker demand for labour and weaker supply (ie a slightly tighter labour market, but not a stronger one!). Key measures of wage growth were mixed vs forecast, but close overall.
- Headline CPI was a little weaker than forecast in Q3 owing to weaker non-tradables. That likely reflects Stats NZ's treatment of the FamilyBoost rebate on early childhood education prices (which surprised our forecast too).
- Despite slightly stronger-than-forecast GDP, a lower unemployment rate, and similar inflation (after looking through government policy impacts), the RBNZ cut the OCR 50bp in October vs the 25bp cut signalled by the August MPS forecast. Clearly, given scope for underlying judgements to change, assuming consistency between the RBNZ's forecasts and policy decisions and/or consistency between forecast vintages can backfire as a strategy for predicting the RBNZ's next move. Nonetheless, the November MPS forecast will need to incorporate some recalibration to recent data and decisions.
- Market pricing is consistent with another 50bp cut in November, but expectations for where rates might land going into 2026 is higher.

Figure 1. RBNZ OCR forecast vs market pricing (quarter average)



Source: RBNZ, ICAP, Bloomberg, Macrobond, ANZ Research

The intention of this chart pack is to illustrate how key data has evolved relative to the RBNZ's last published forecasts. As is always the case, nuance within the data matters and it also can never be a full picture of what's changed. Sometimes starting point surprises will matter hugely; sometimes they are very much in the background of other developments. This document does not discuss our take on the data, nor how we think the RBNZ's thinking may have evolved on the back of these and other data and developments. For that, you'll need to wait for our Preview, which will be out later today.



GDP

Figure 1. Production GDP (q/q)

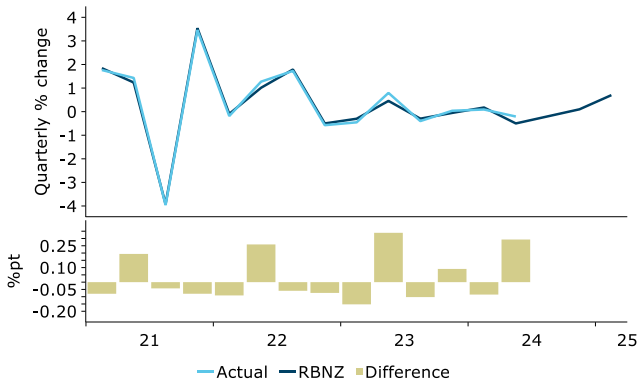


Figure 2. Production GDP (level)

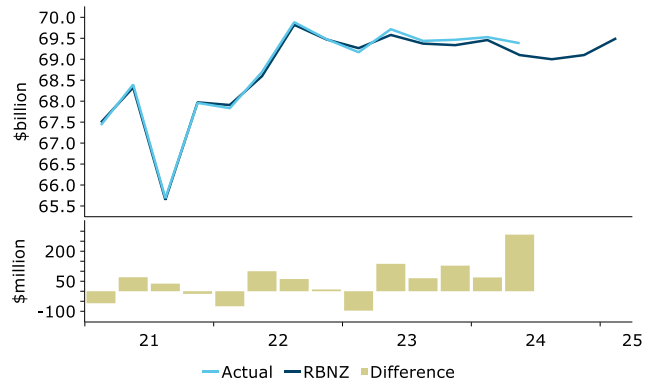


Figure 3. Real expenditure GDP (q/q)

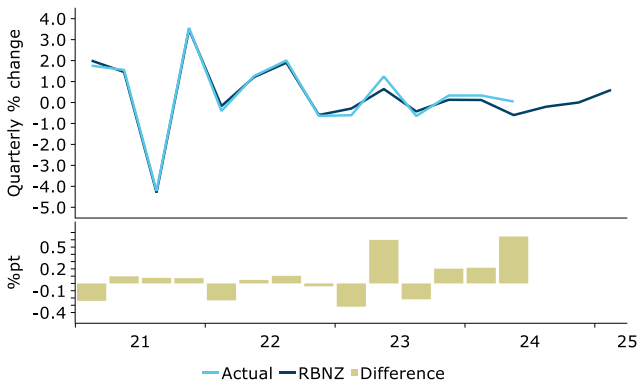


Figure 4. Real expenditure GDP (level)

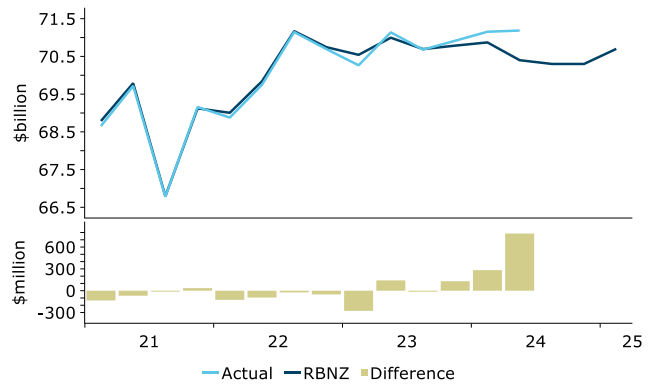


Figure 5. Real private consumption (q/q)

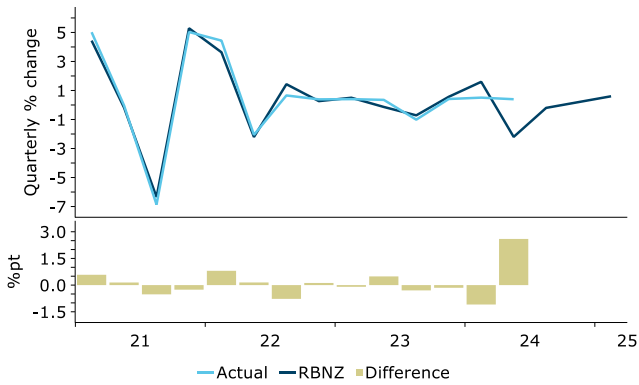


Figure 6. Real private consumption (level)

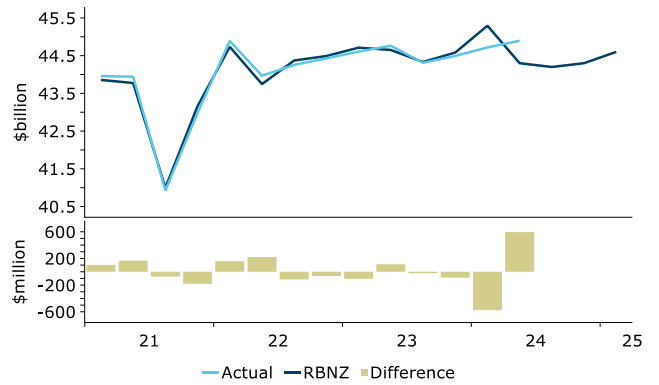


Figure 7. Real residential investment (q/q)

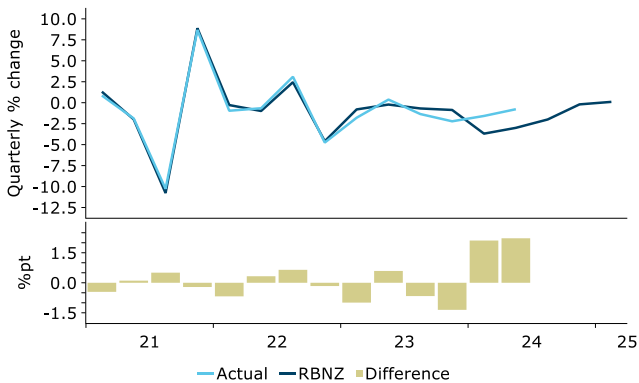
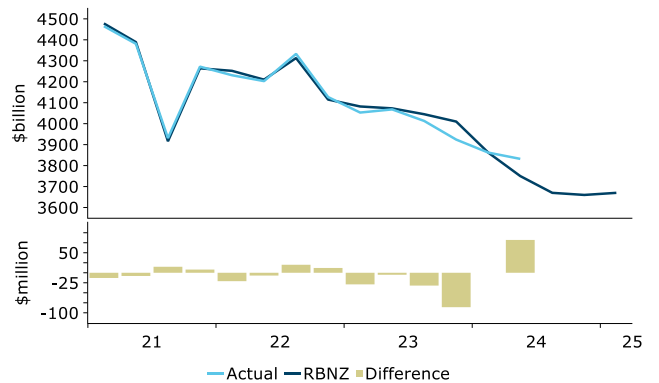


Figure 8. Real residential investment (level)



Source: Stats NZ, RBNZ, Macrobond, ANZ Research



GDP

Figure 9. Real total exports (q/q)

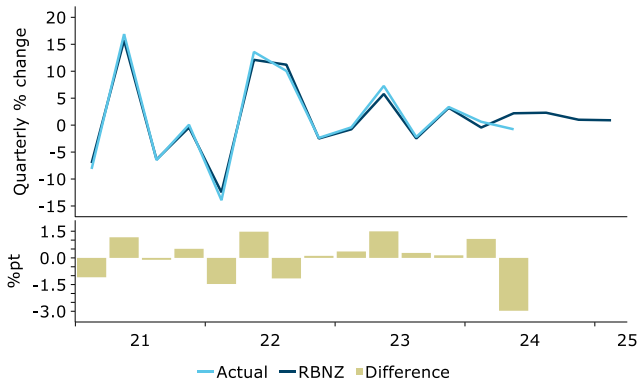


Figure 10. Real total exports (level)

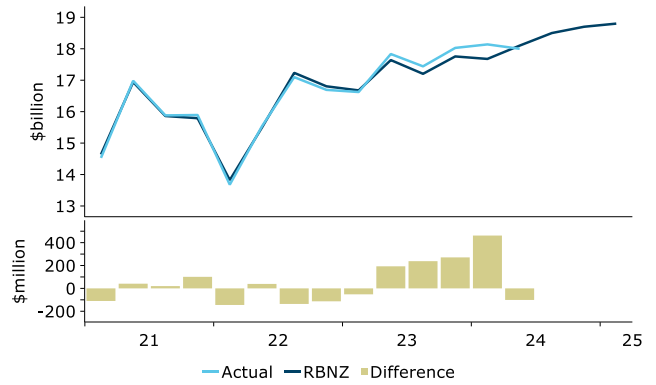


Figure 11. Real total imports (q/q)

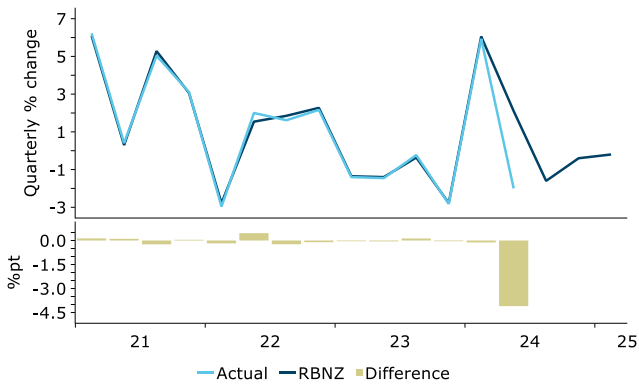


Figure 12. Real total imports (level)

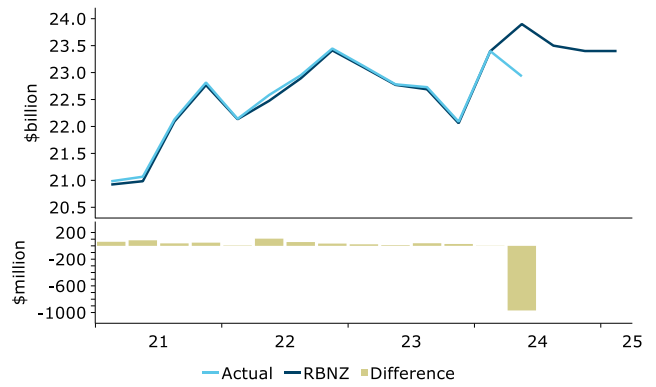


Figure 13. Changes in inventories (level)

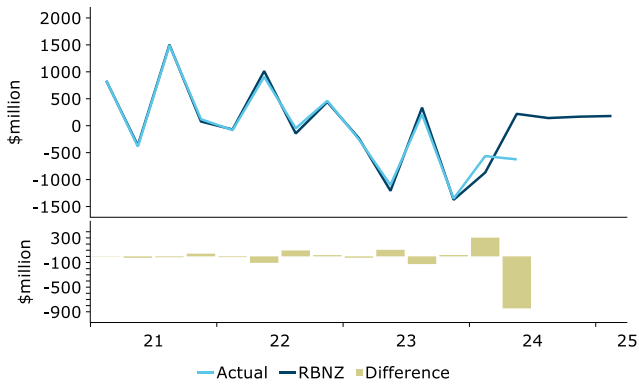
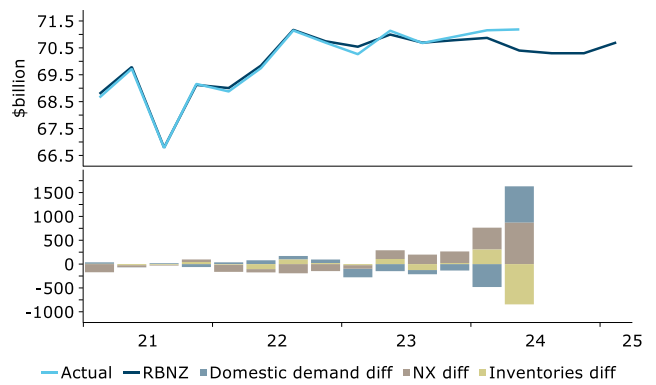


Figure 14. GDP high level breakdown



Source: Stats NZ, RBNZ, Macrobond, ANZ Research



CPI

Figure 15. Headline CPI inflation (q/q)

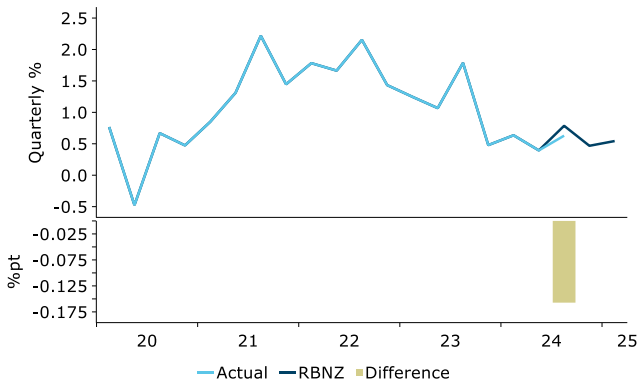


Figure 16. Headline CPI inflation (y/y)

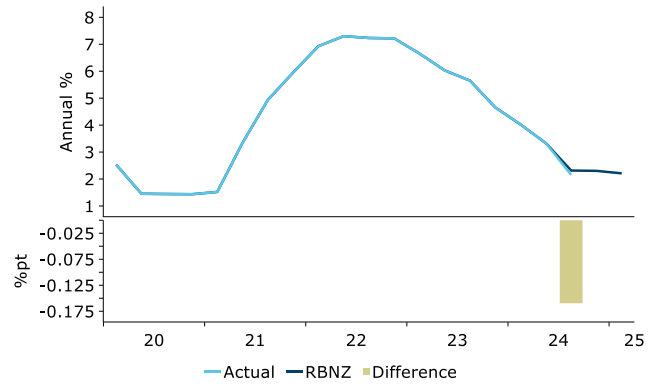


Figure 17. Tradables CPI inflation (q/q)

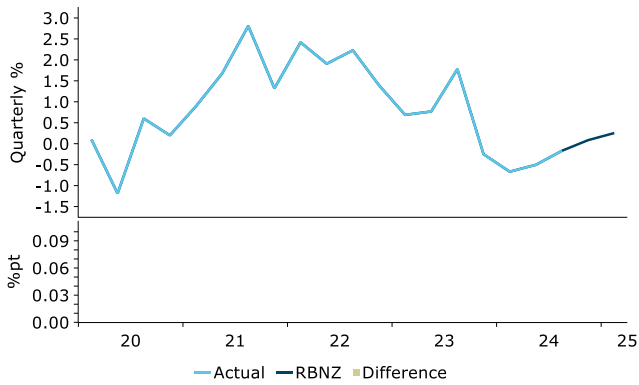


Figure 18. Tradables CPI inflation (y/y)

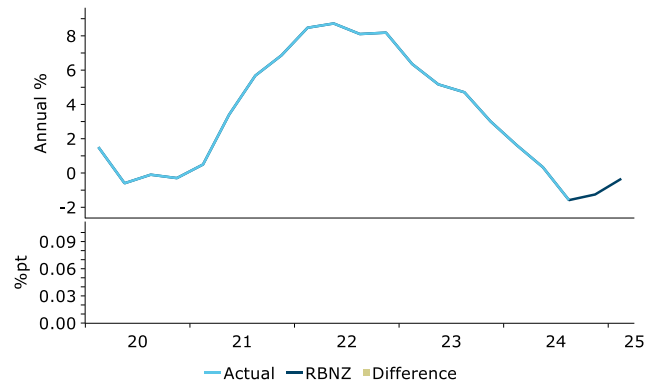


Figure 19. Non-tradables CPI inflation (q/q)

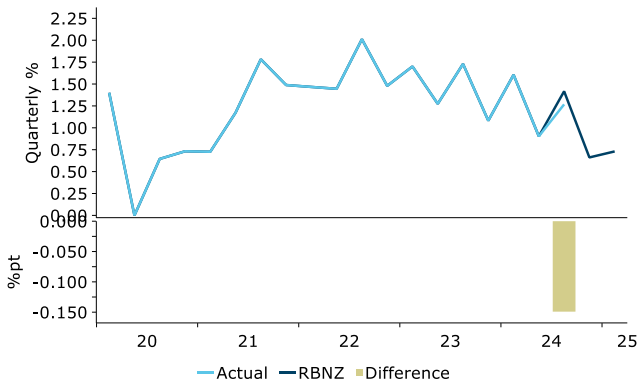
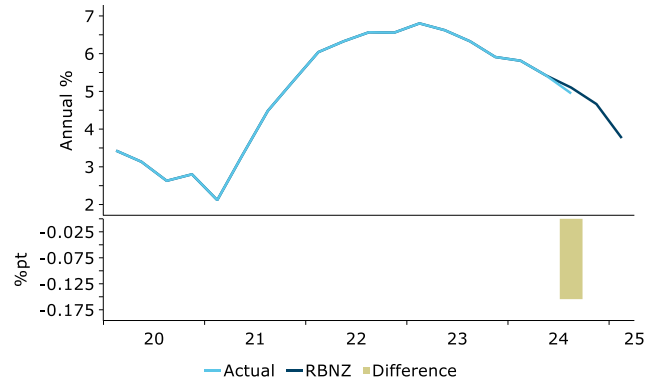


Figure 20. Non-tradables CPI inflation (y/y)



Source: Stats NZ, RBNZ, Macrobond, ANZ Research



Labour market

Figure 21. Unemployment rate

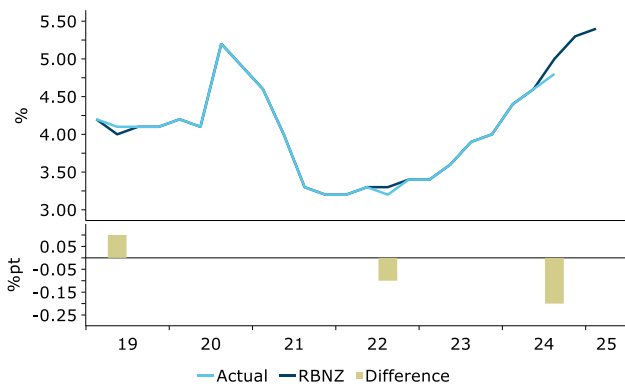


Figure 22. Participation rate

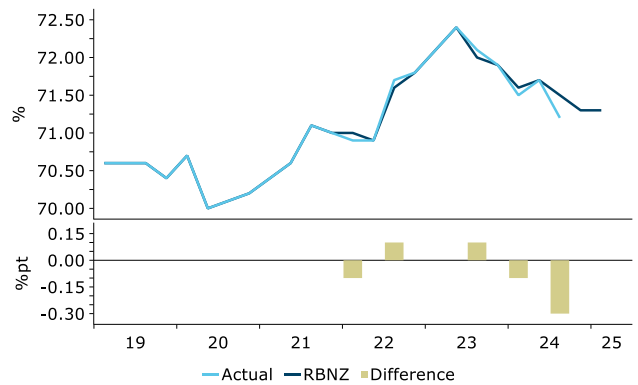


Figure 23. Employment (q/q)

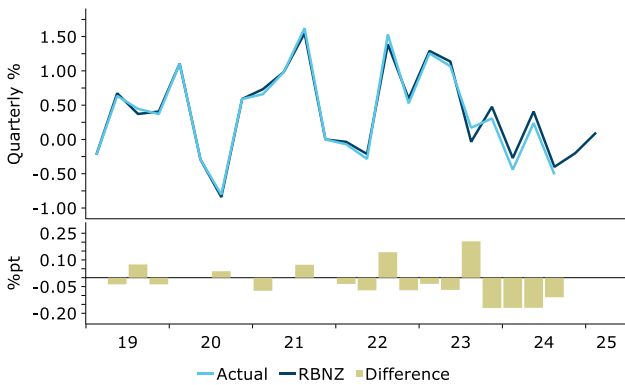


Figure 24. Employment (y/y)

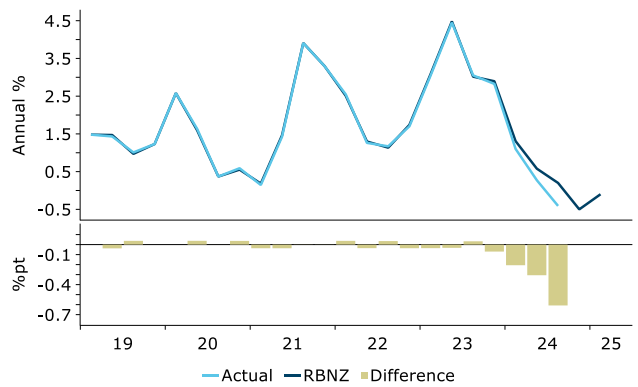


Figure 25. Labour force (level)

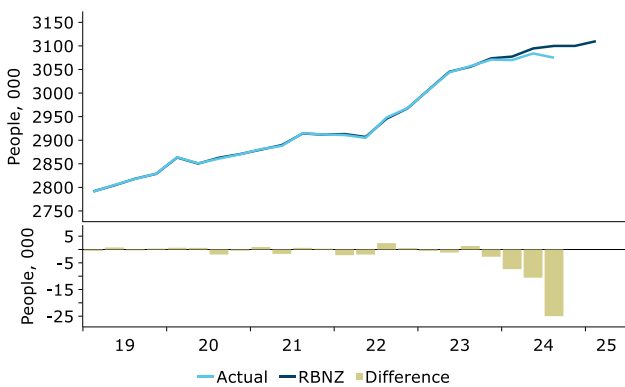


Figure 26. Working age population (level)

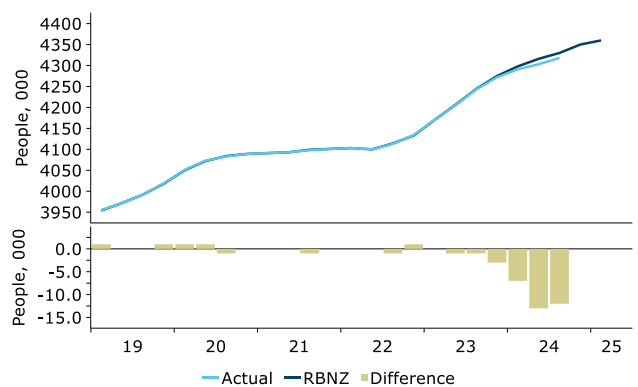


Figure 27. Employment rate

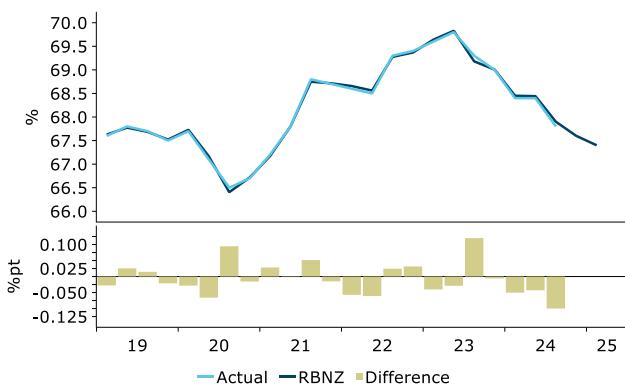
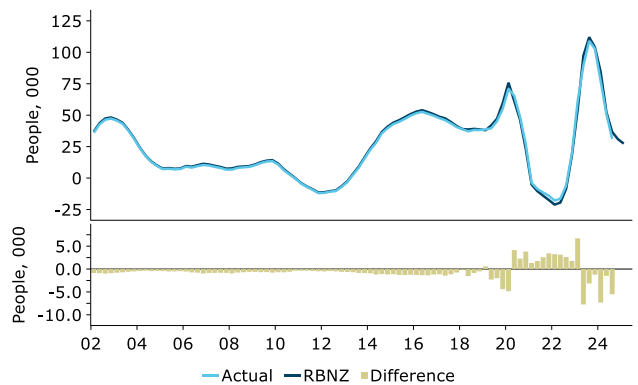


Figure 28. Annual net migration (working age)



Source: Stats NZ, RBNZ, Macrobond, ANZ Research



Labour market

Figure 29. Labour cost index (q/q)

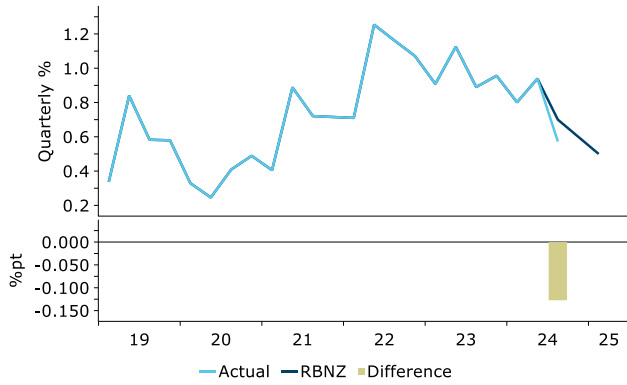


Figure 30. Labour cost index (y/y)

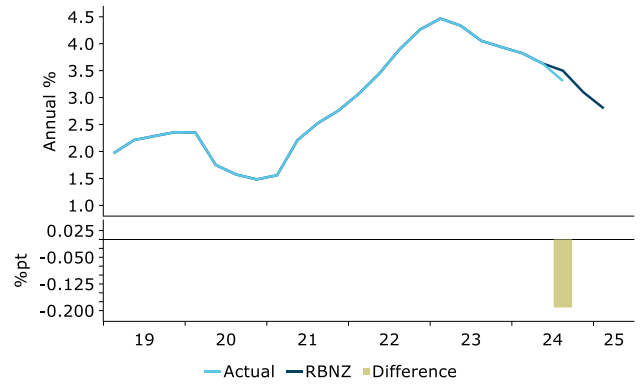


Figure 31. Average hourly earnings (q/q)

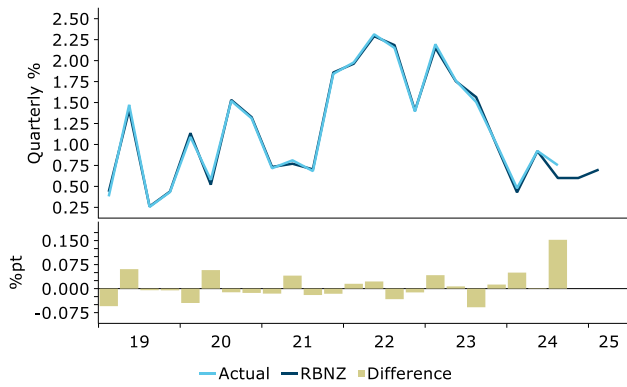
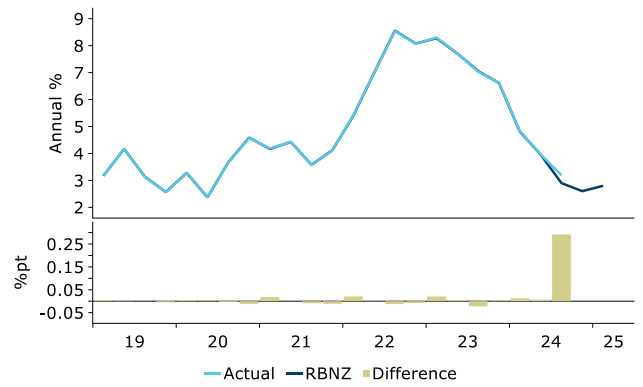


Figure 32. Average hourly earnings (y/y)



Source: Stats NZ, RBNZ, Macrobond, ANZ Research



External sector and housing

Figure 33. TWI (level, quarter average)

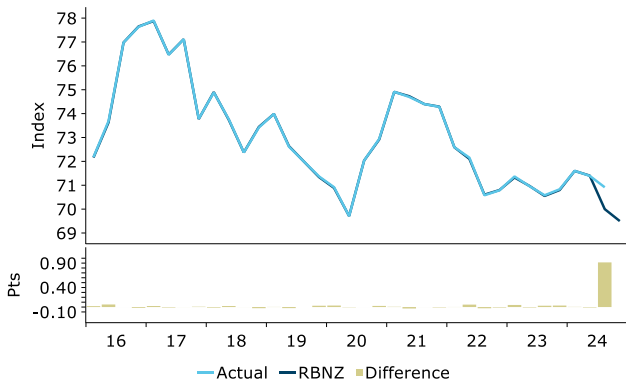


Figure 34. TWI (quarter average vs daily actuals)

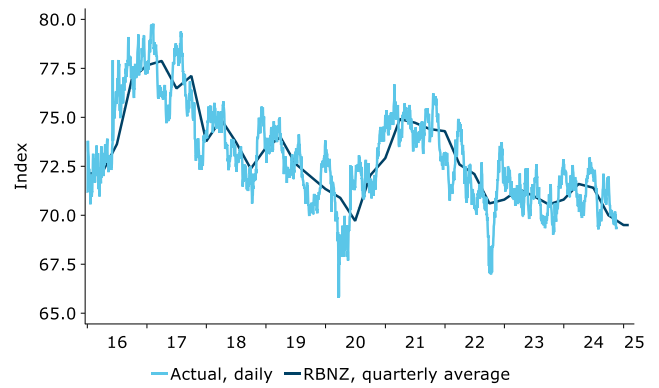


Figure 37. Export prices (level, SNA basis, world price)

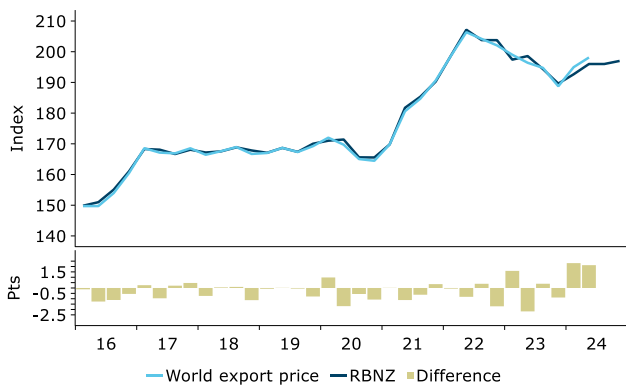


Figure 38. Import prices (level, SNA basis, world price)

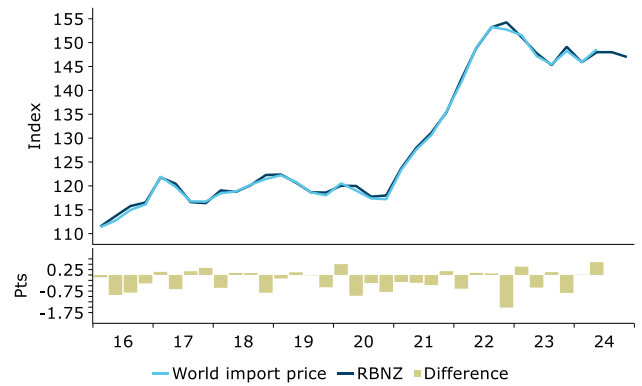


Figure 39. Terms of trade (level, SNA basis, world price)

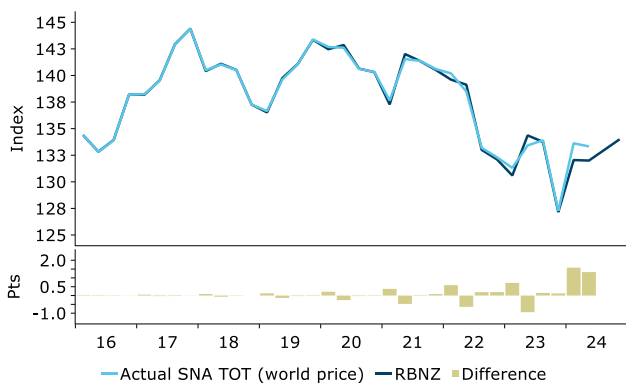


Figure 40. Dubai oil price (USD, quarter average)

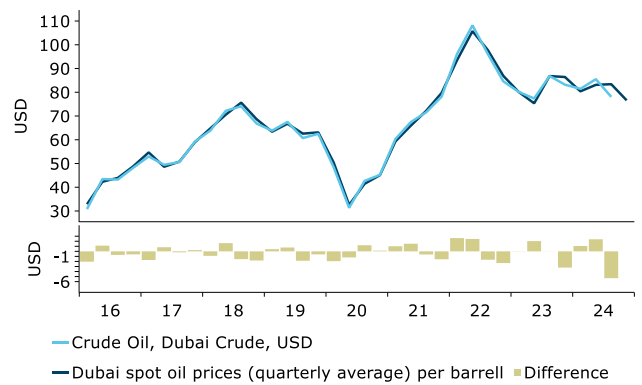


Figure 35. House price index (level)

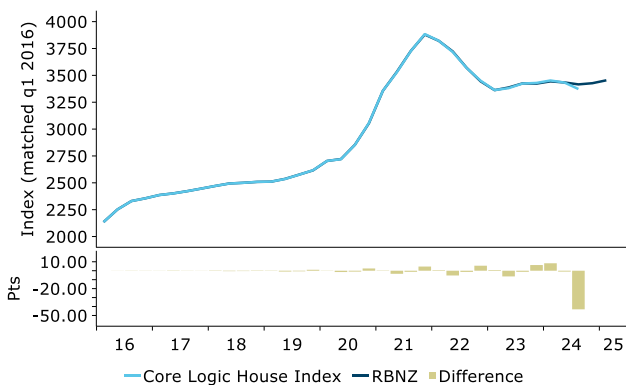
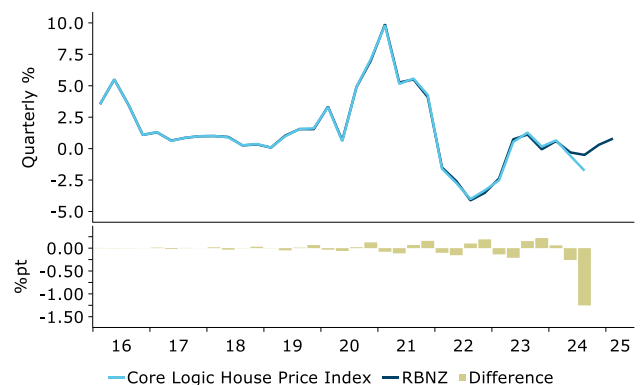


Figure 36. House price index (q/q)



Source: Stats NZ, RBNZ, MBIE, CoreLogic NZ, Macrobond, ANZ Research



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Sharon Zollner
Chief Economist

Follow Sharon on Twitter
[@sharon_zollner](#)

Telephone: +64 27 664 3554
Email: sharon.zollner@anz.com

General enquiries:
research@anz.com

Follow ANZ Research
[@ANZ_Research](#) (global)



David Croy
Senior Strategist

Market developments, interest rates, FX, unconventional monetary policy, liaison with market participants.

Telephone: +64 4 576 1022
Email: david.croy@anz.com



Susan Kilsby
Agricultural Economist

Primary industry developments and outlook, structural change and regulation, liaison with industry.

Telephone: +64 21 633 469
Email: susan.kilsby@anz.com



Miles Workman
Senior Economist

Macroeconomic forecast co-ordinator, economic developments, labour market dynamics, inflation, fiscal and monetary policy.

Telephone: +64 21 661 792
Email: miles.workman@anz.com



Henry Russell
Economist

Macroeconomic forecasting, economic developments, GDP and activity dynamics and monetary policy.

Telephone: +64 21 629 553
Email: henry.russell@anz.com



Natalie Denne
PA / Desktop Publisher

Business management, general enquiries, mailing lists, publications, chief economist's diary.

Telephone: +64 21 221 7438
Email: natalie.denne@anz.com



Kyle Uerata
Economic Statistician

Economic statistics, ANZ proprietary data (including ANZ Business Outlook), data capability and infrastructure.

Telephone: +64 21 633 894
Email: kyle.uerata@anz.com

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