

# The bumpy road to ‘normality’

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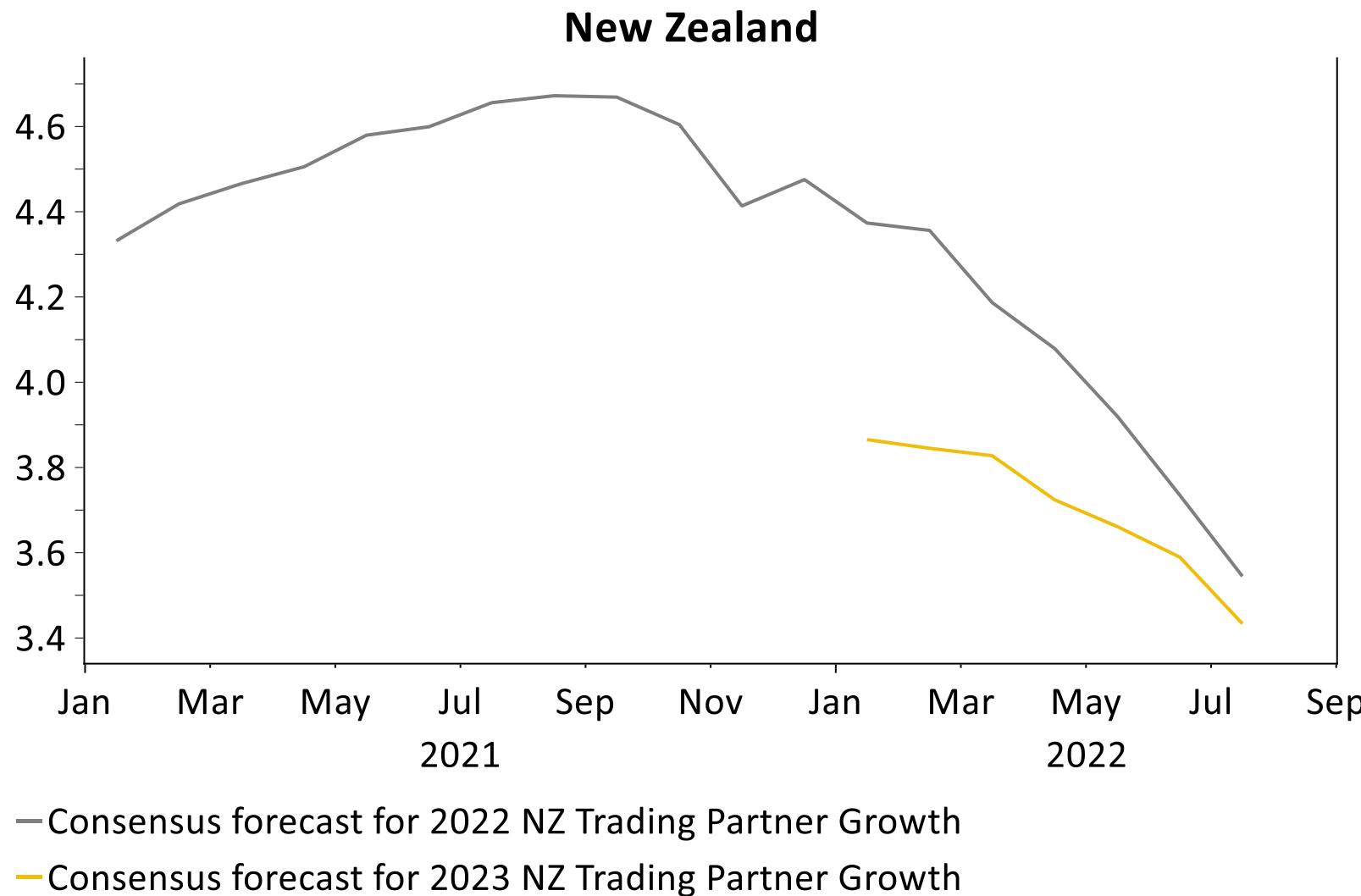
# › Disclaimer

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# › Topics

- › Global influences
- › NZ snapshot
  - › Consumer spending
  - › Labour market
  - › Inflation and interest rates

# › Trading partner growth slowing



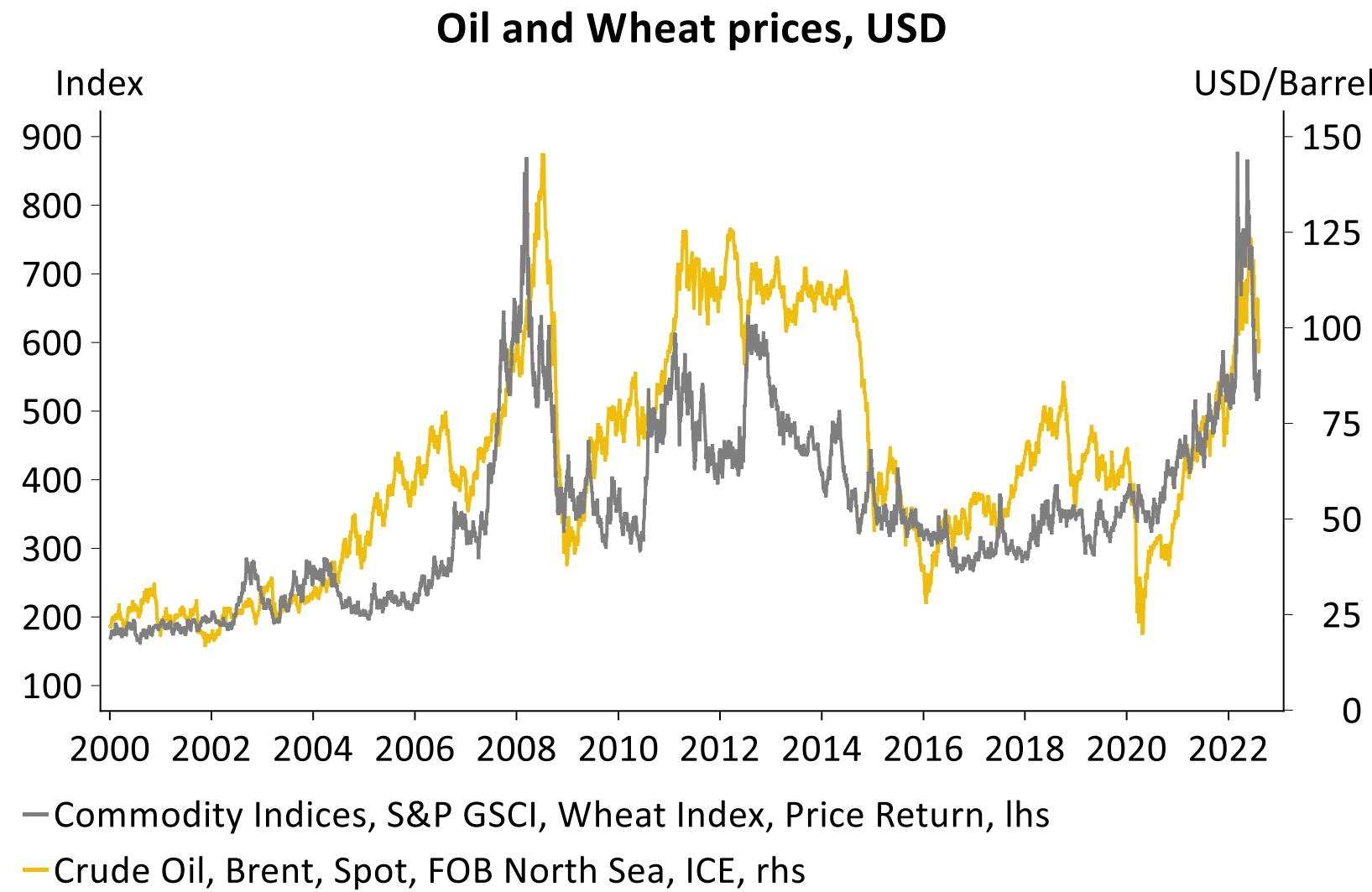
Source: Macrobond, ASB

# › Chinese spending impacted by lockdowns



Source: Macrobond, ASB

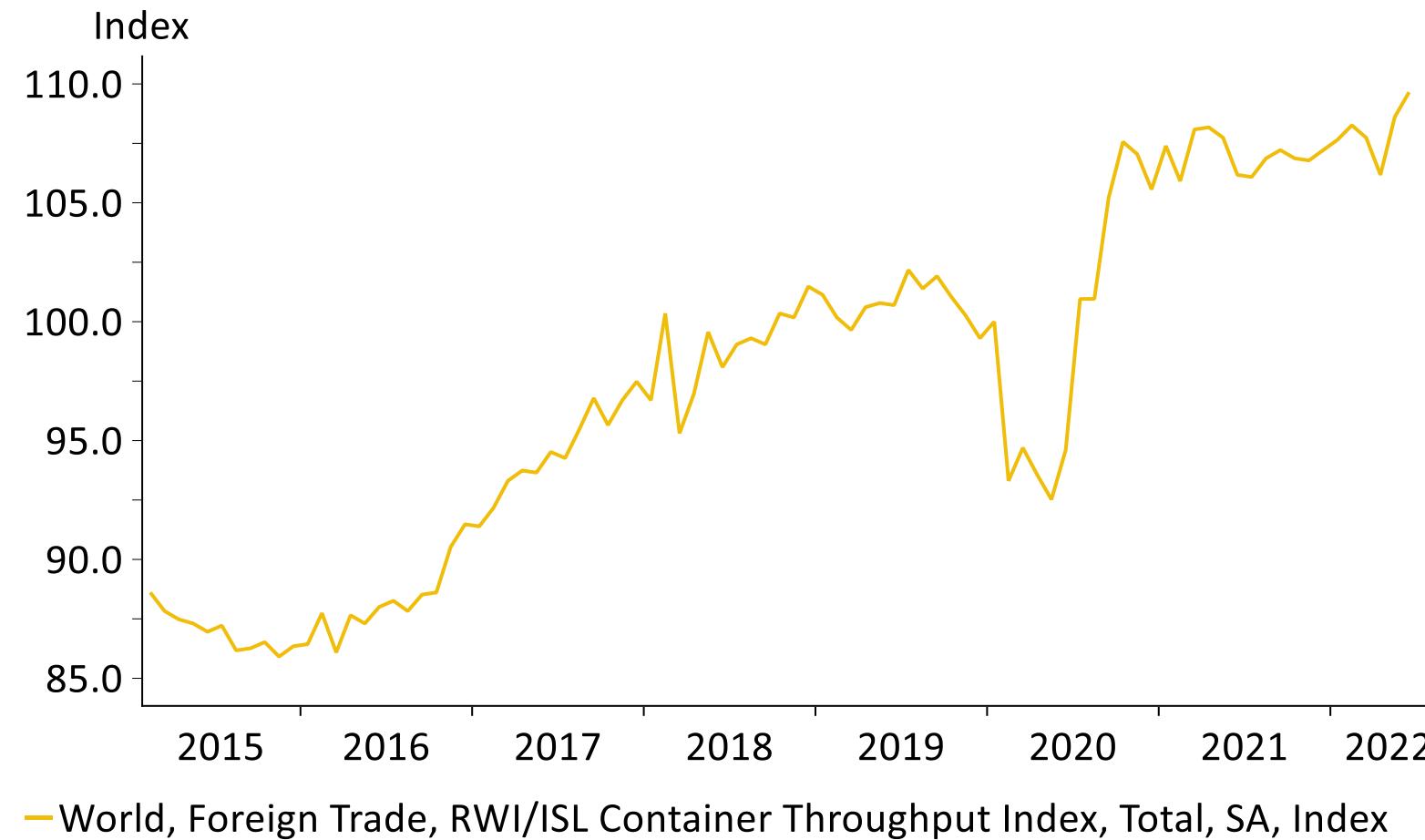
# ➤ Oil and wheat high but off peaks



Source: Macrobond, ASB

# ➤ Seaborne freight volumes up in pandemic

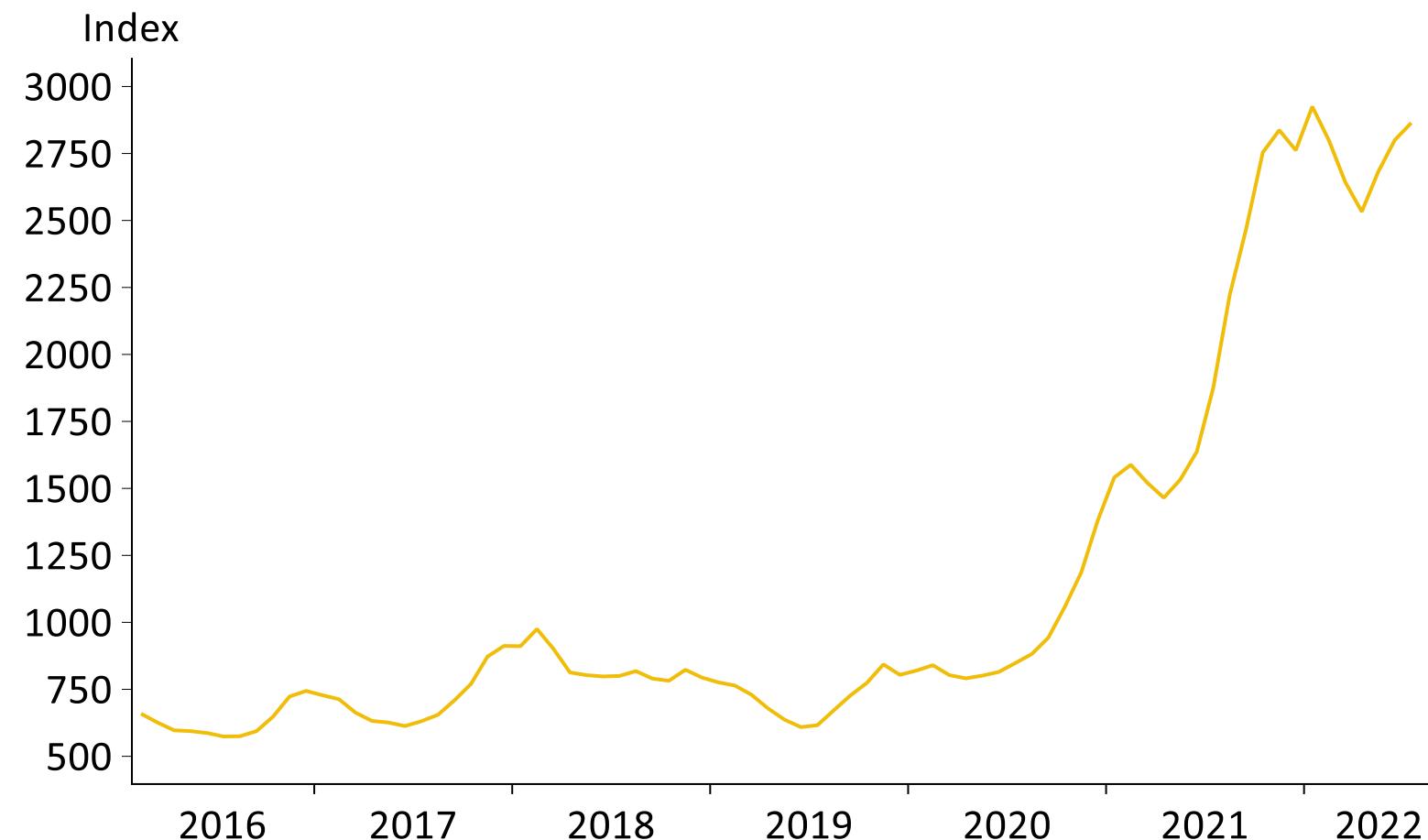
**World, RWI/ISL Container Throughput Index**  
**Seasonally Adjusted, Jan 2020 = 100**



Source: Macrobond, ASB

# › Freight costs high, but should start easing

China, Freight Indicators, China Container Freight Rate, Australia/  
New Zealand Service, Index



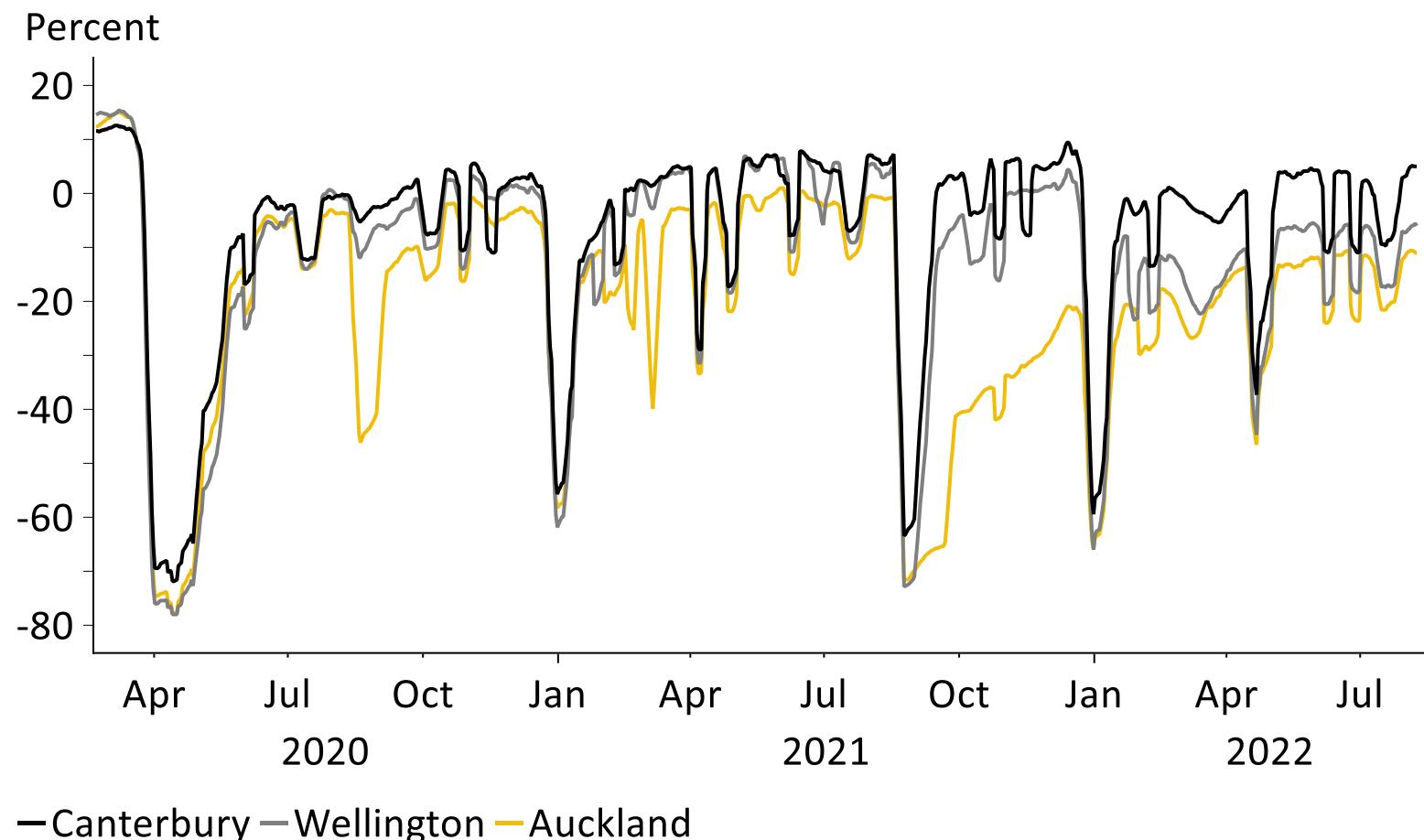
Source: Macrobond, ASB

## › Overall snapshot

- › COVID disruption on activity now less extreme than in 2020 and 2021 lockdown, but worker absenteeism will be an ongoing challenge
- › Households feeling the main pinch
- › Cost of living pressures: 'essential' vs. 'discretionary'

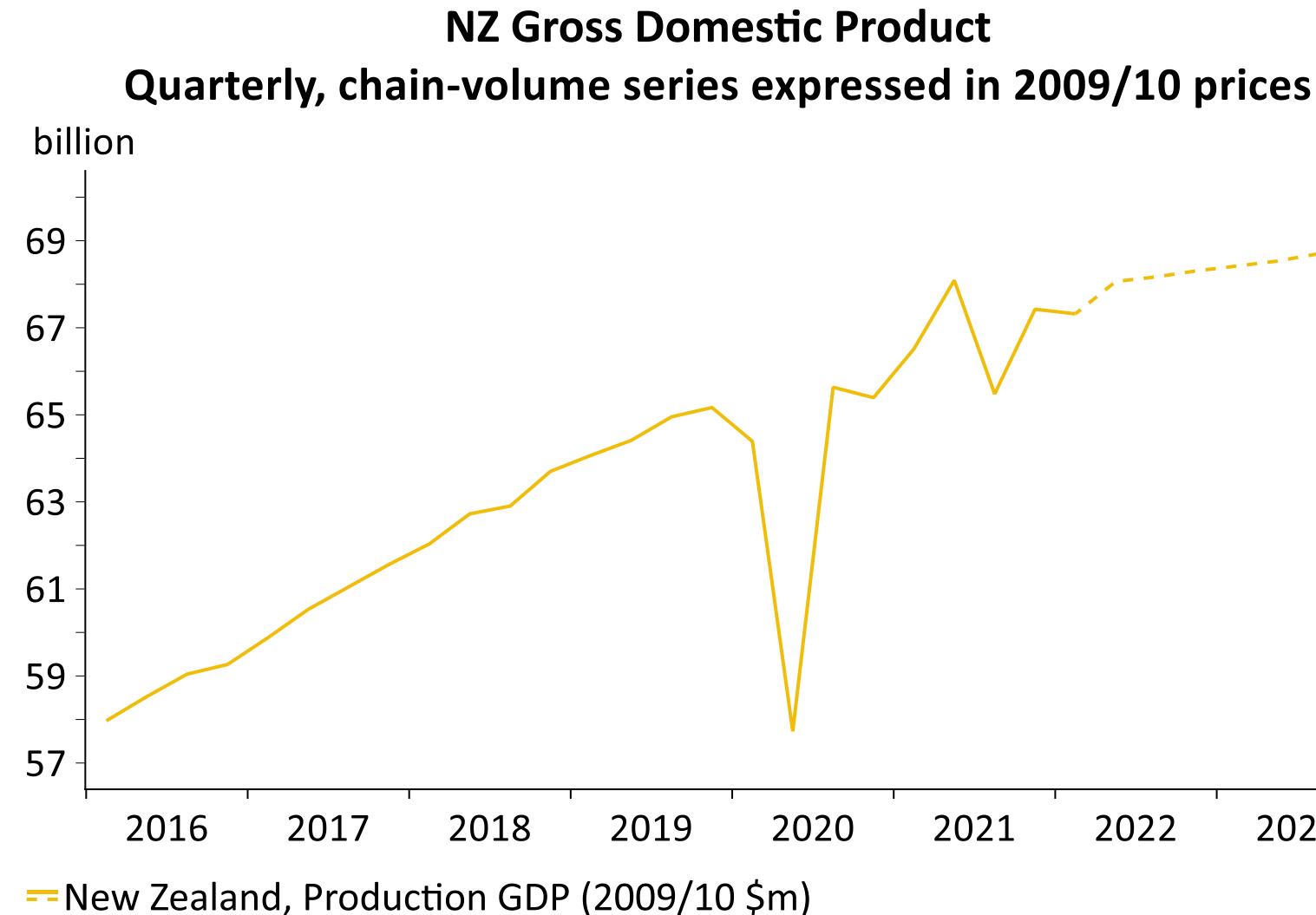
# ➤ Main centre people movements

New Zealand, Mobility, Total Visitors, Workplaces, Compared to Baseline



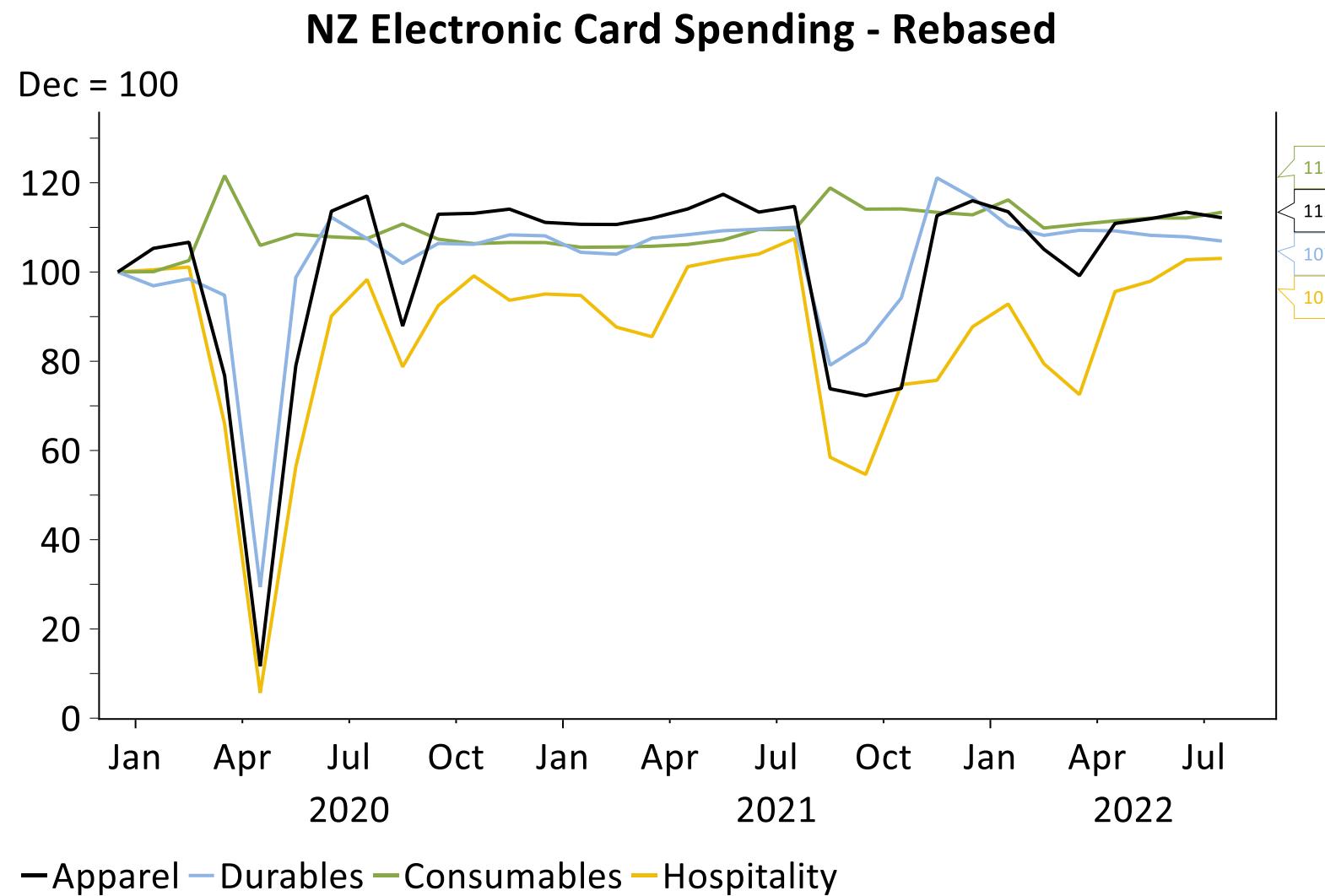
Source: Macrobond, ASB

# › NZ GDP level



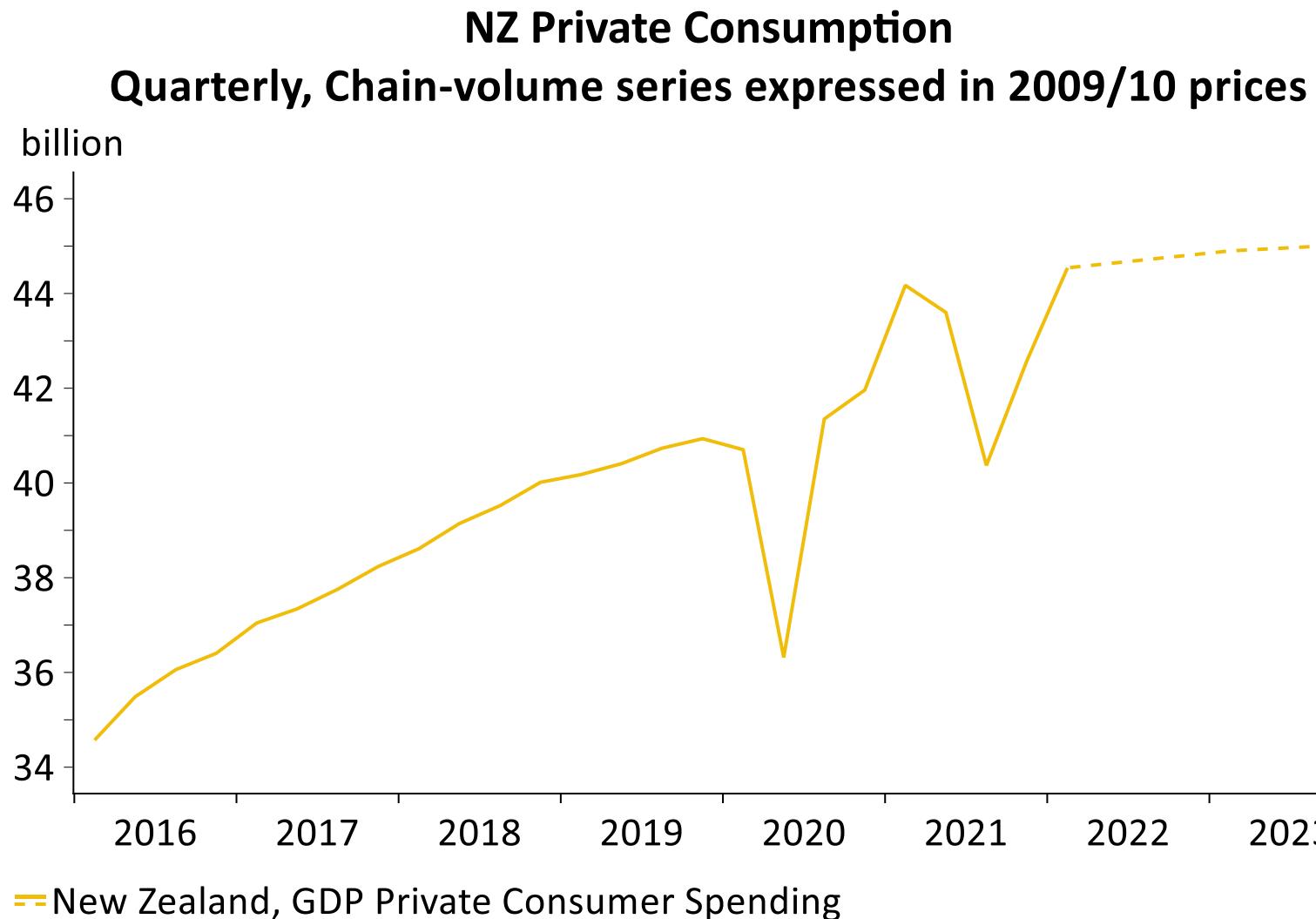
Source: Macrobond, ASB

# › NZ retail spending



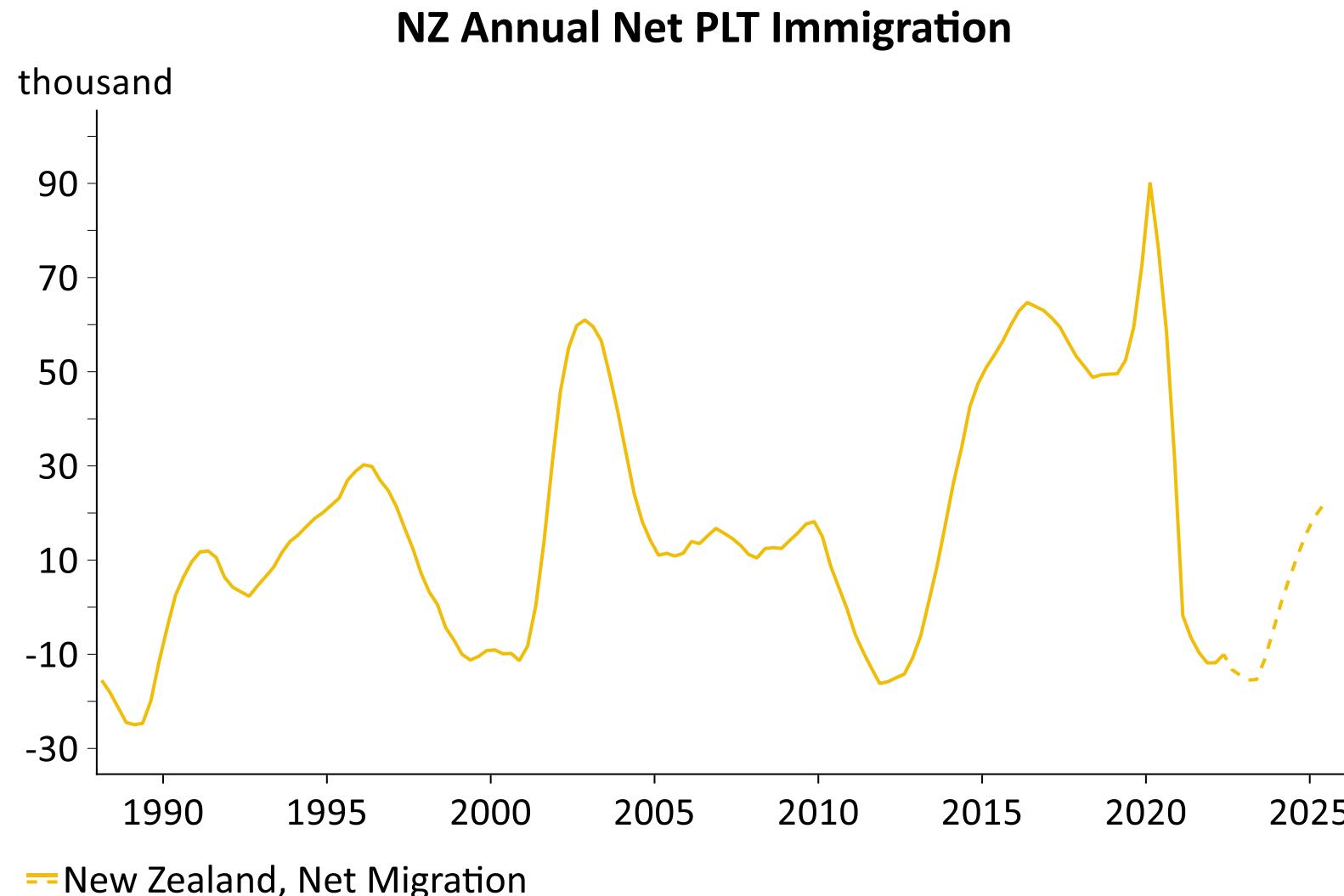
Source: Macrobond, ASB

# › NZ consumer spending



Source: Macrobond, ASB

# › Net migration low, start to lift in 2023

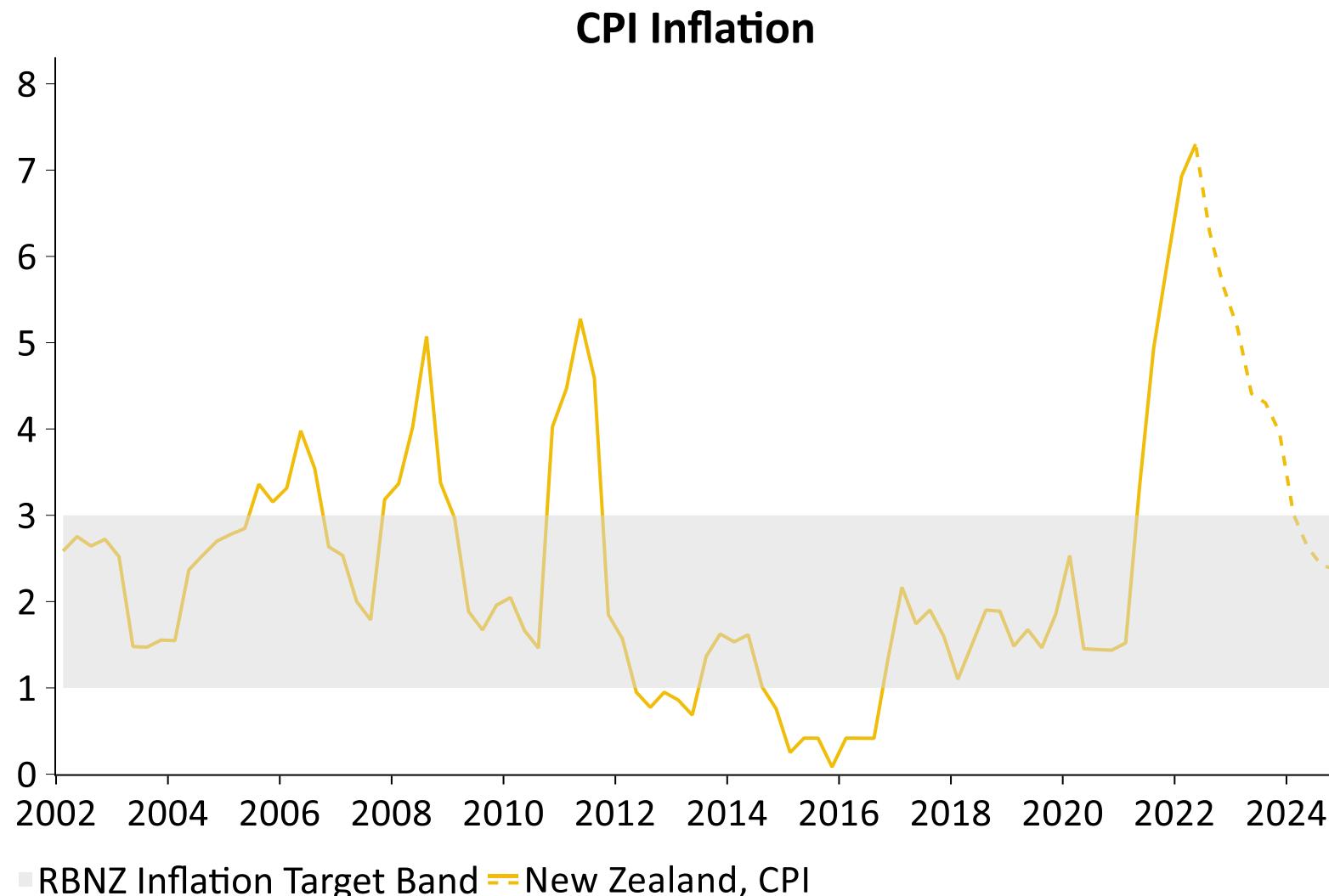


Source: Macrobond, ASB

# › Wage inflation rising

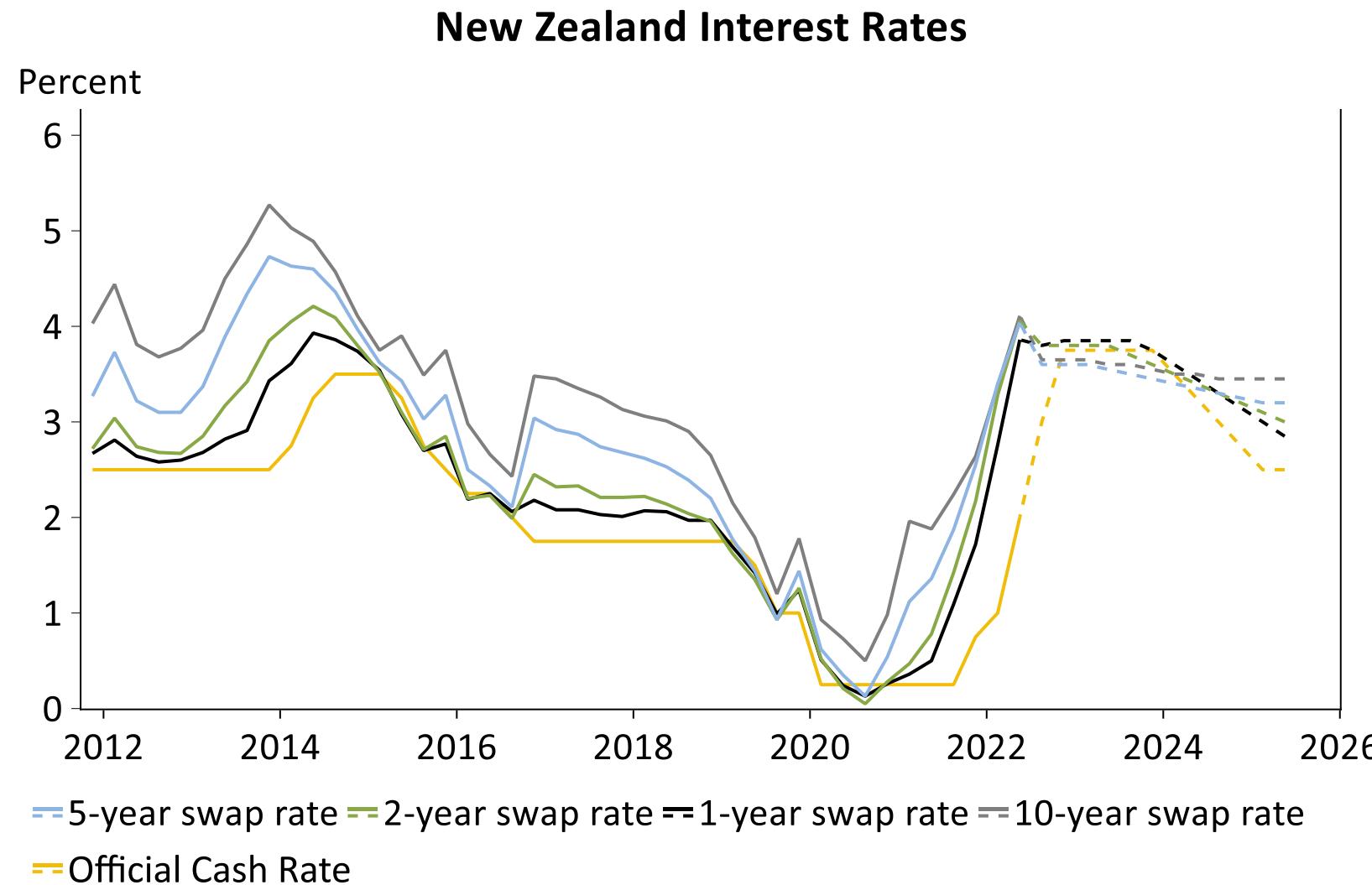


# › Inflation shooting through target band



Source: Macrobond, ASB

# › Interest rates up rapidly



Source: Macrobond, ASB

## › Summary

- › Economic cycle challenges ‘normalising’, but superheated:
  - › Interest rates already up and will rise a bit further
  - › Supply chain challenges (cost, delays) will continue into 2023
  - › Labour market tight, further wage pressure (and higher living costs)
- › Global fragility remains:
  - › Global economy is slowing
  - › Potential for some COVID disruption
  - › Switch from huge fiscal and monetary stimulus to tightening
  - › War and geopolitical tensions

›Thank you

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