

The bumpy road to 'normality'

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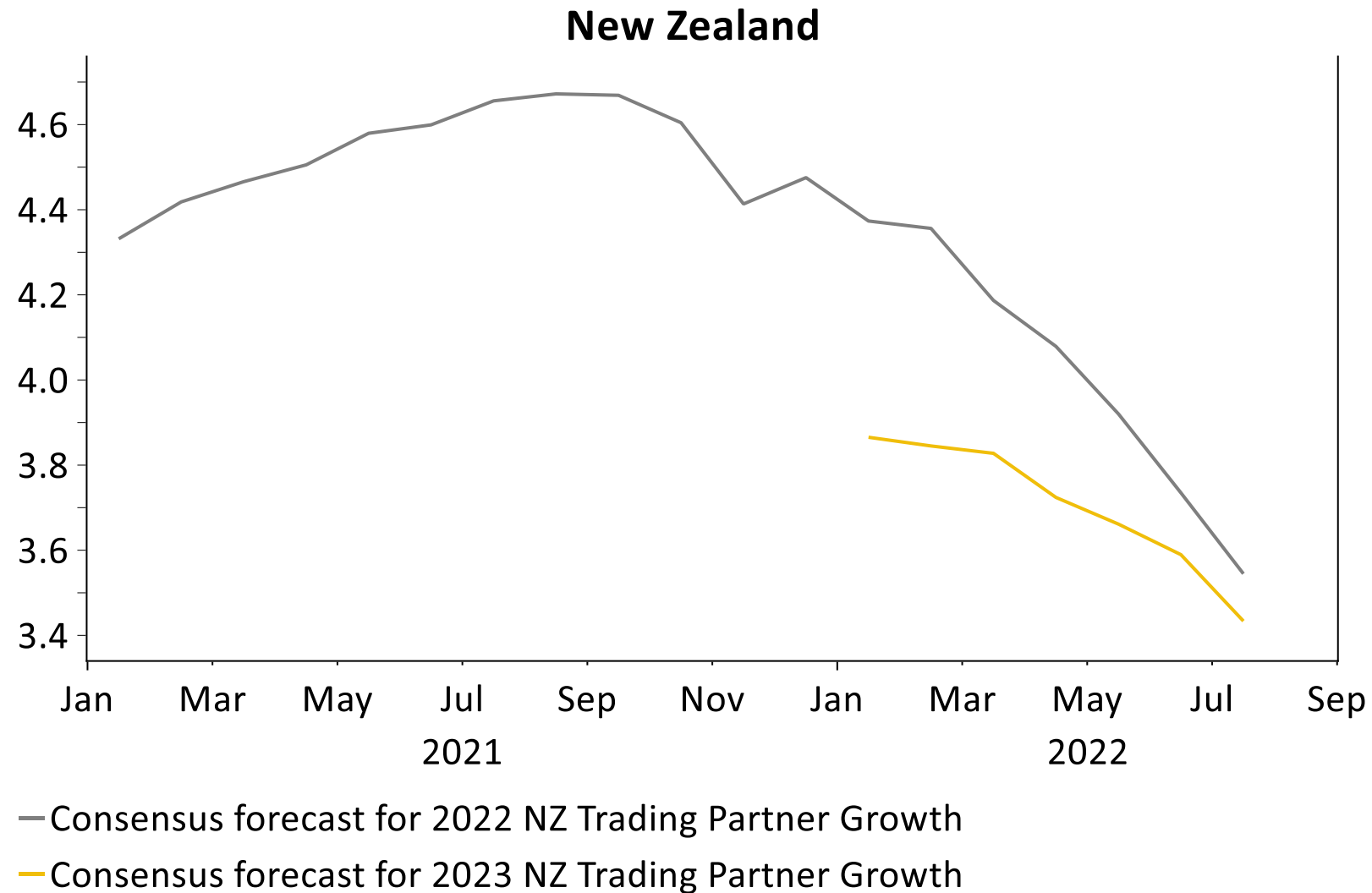
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› Topics

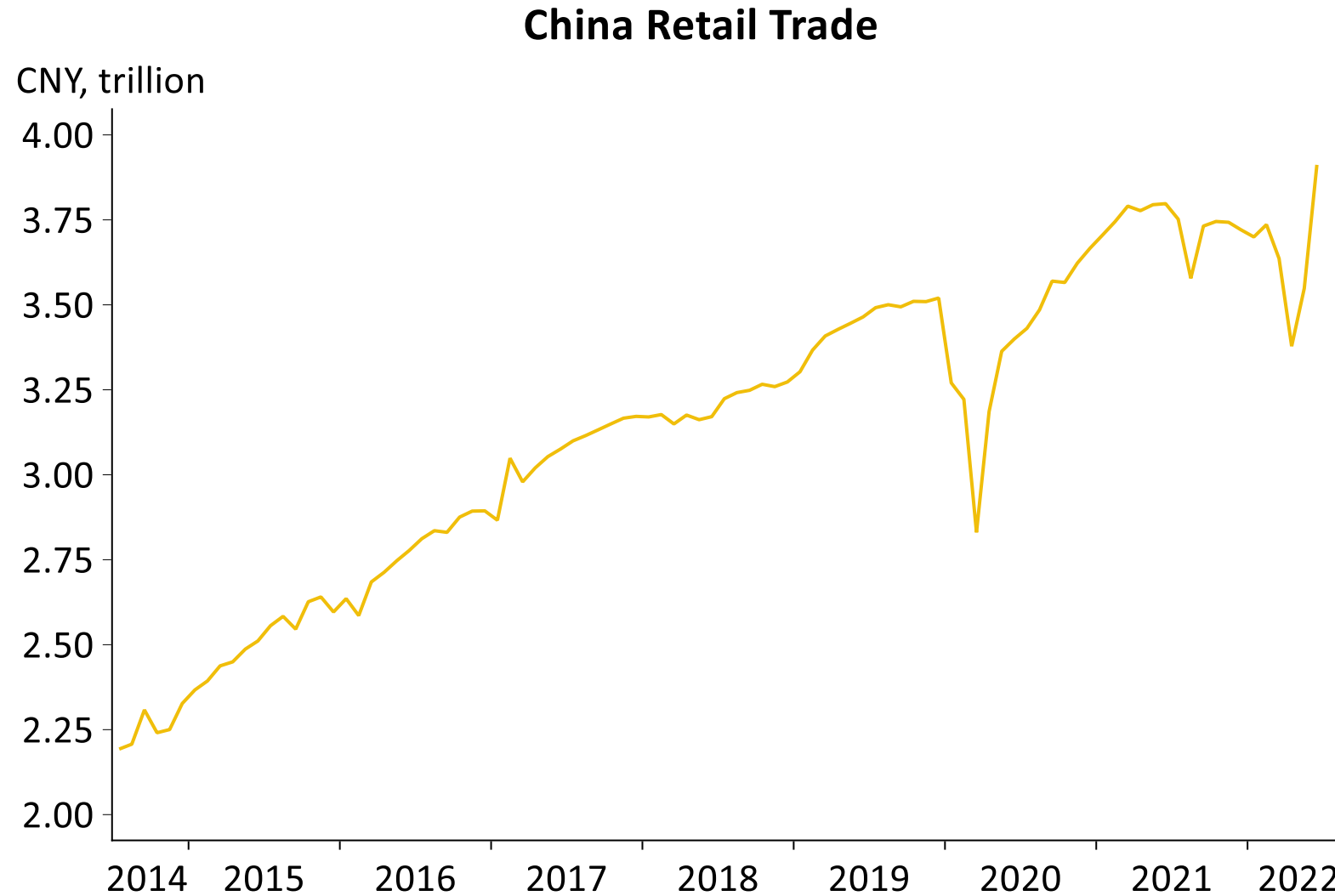
- › Global influences
- › NZ snapshot
 - › Consumer spending
 - › Labour market
 - › Inflation and interest rates

› Trading partner growth slowing



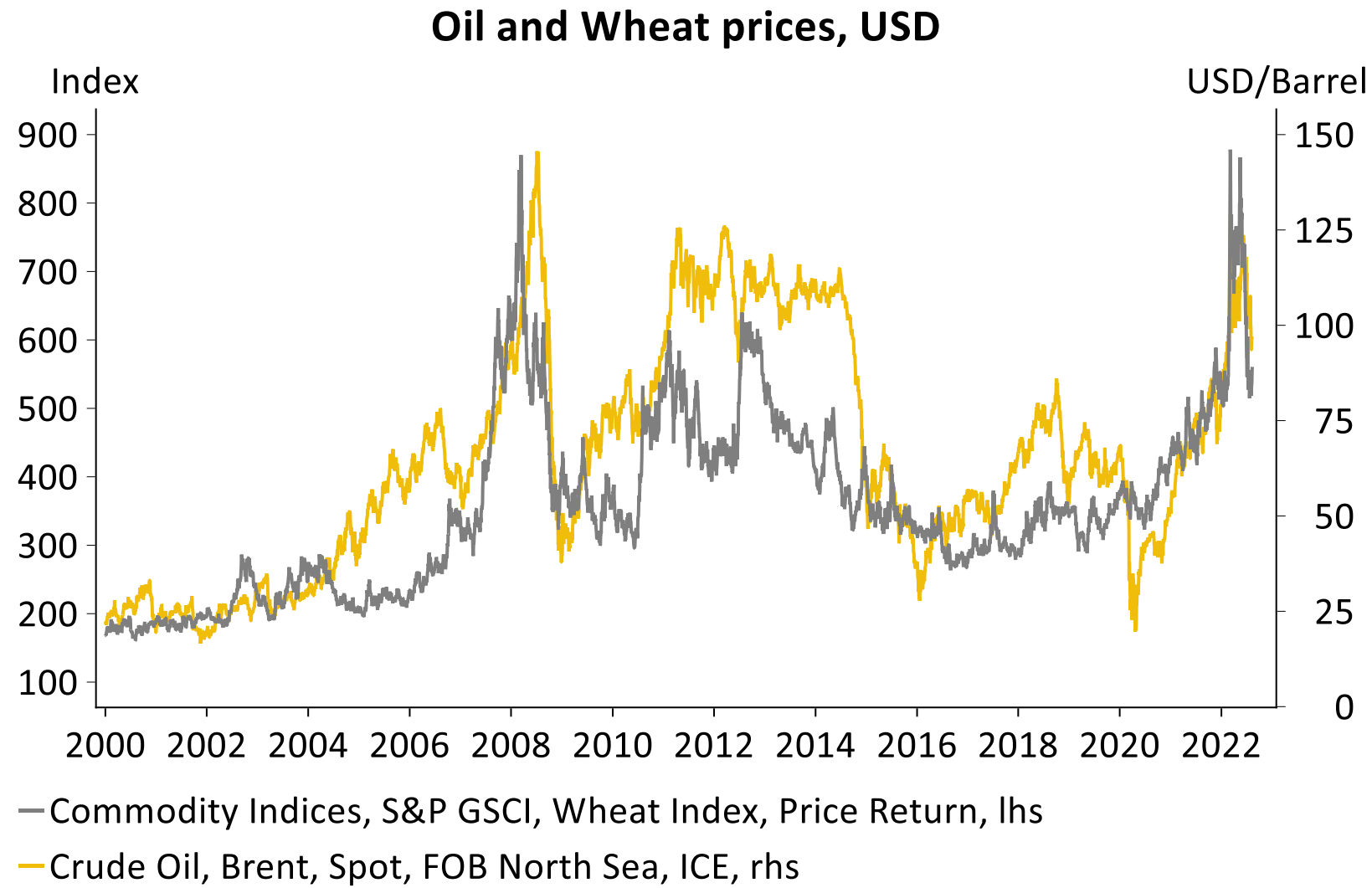
Source: Macrobond, ASB

› Chinese spending impacted by lockdowns



Source: Macrobond, ASB

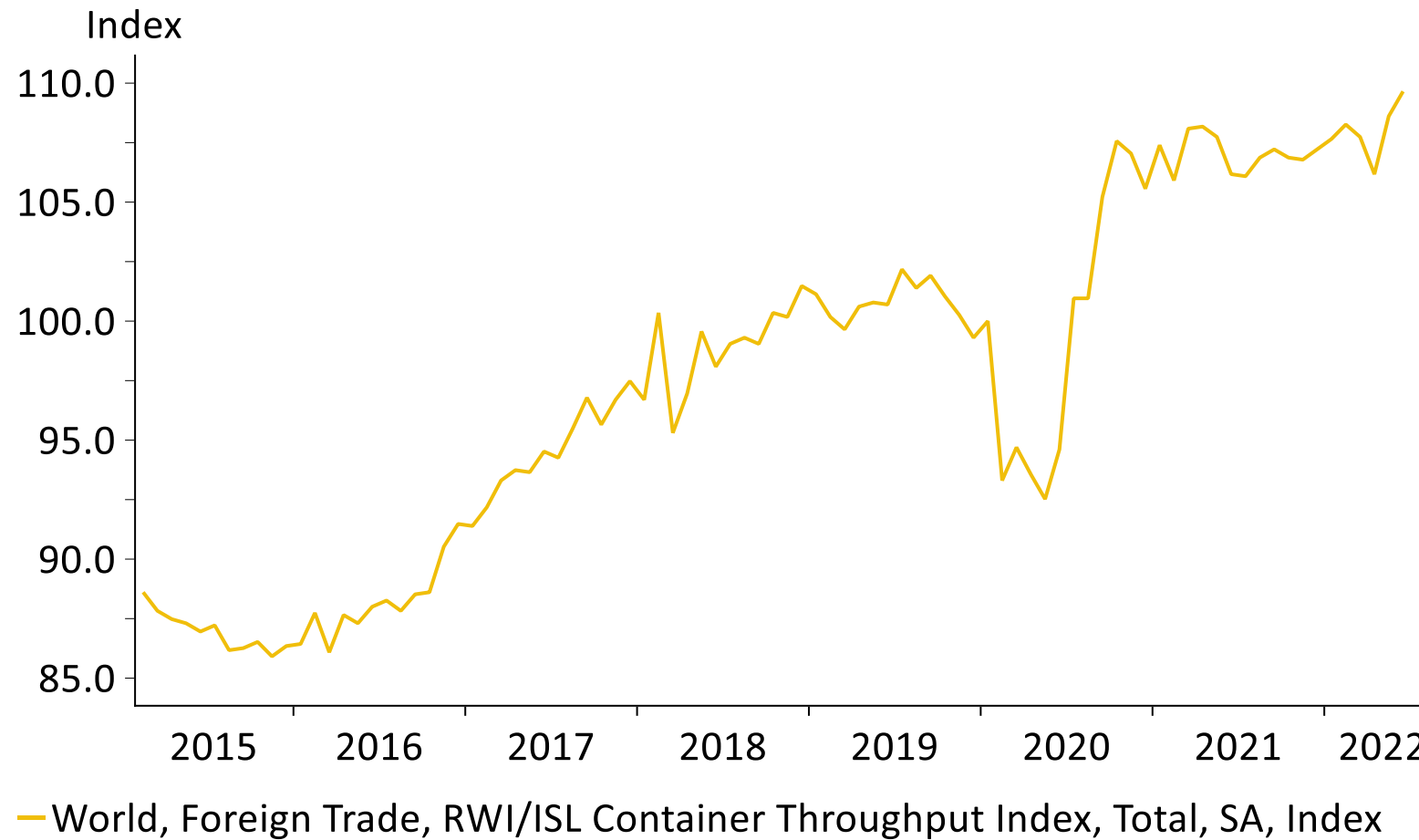
› Oil and wheat high but off peaks



Source: Macrobond, ASB

› Seaborne freight volumes up in pandemic

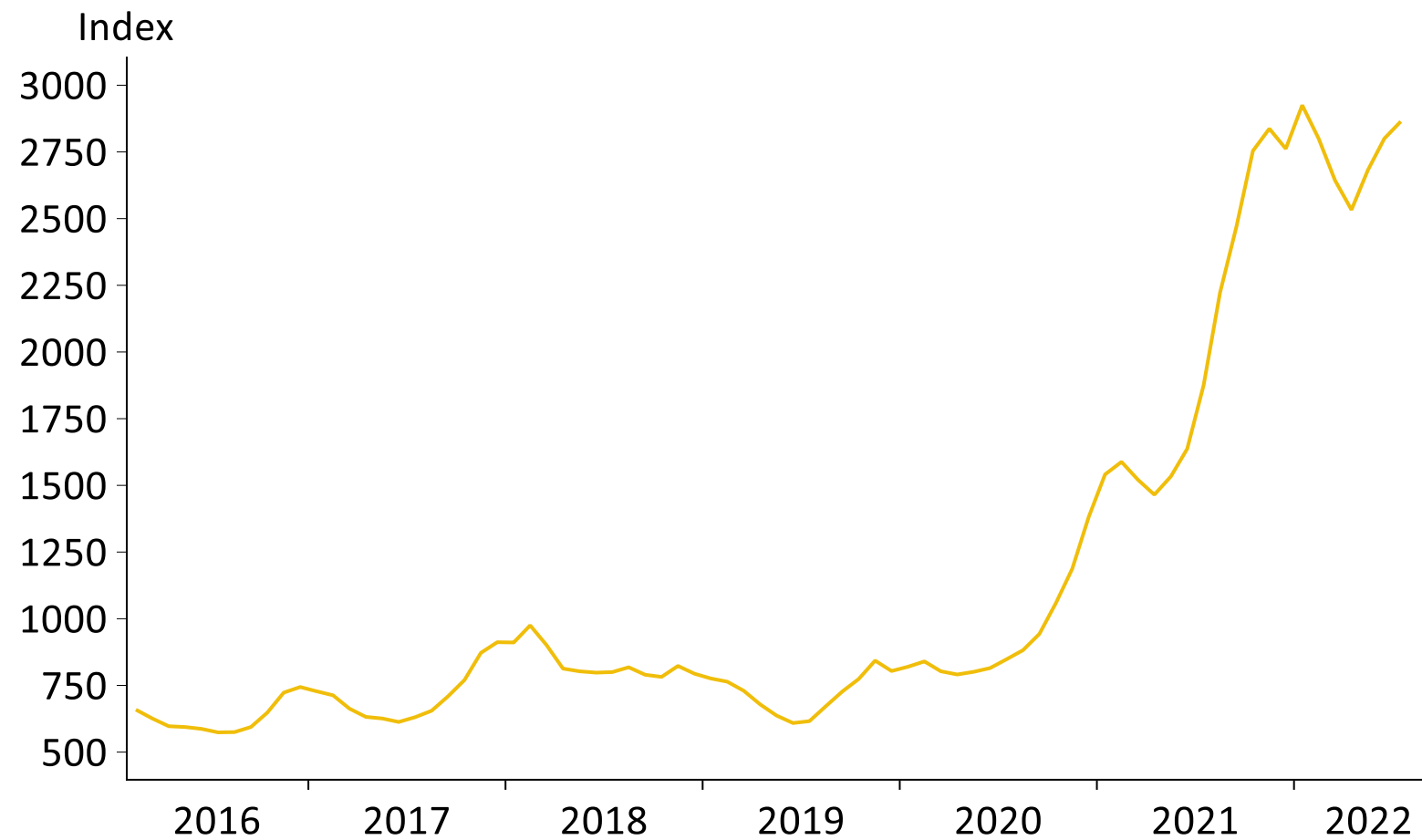
World, RWI/ISL Container Throughput Index
Seasonally Adjusted, Jan 2020 = 100



Source: Macrobond, ASB

› Freight costs high, but should start easing

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



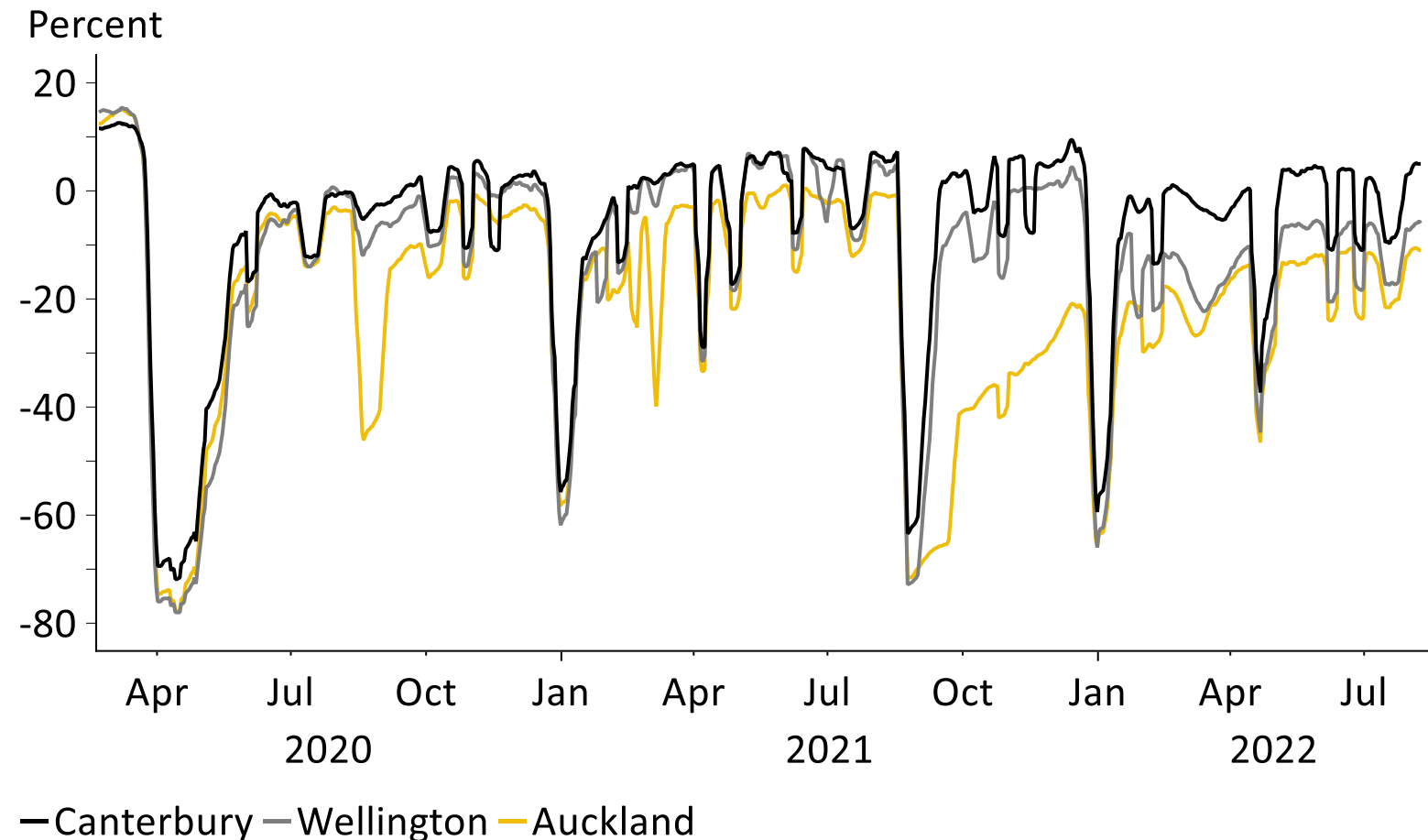
Source: Macrobond, ASB

› 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'

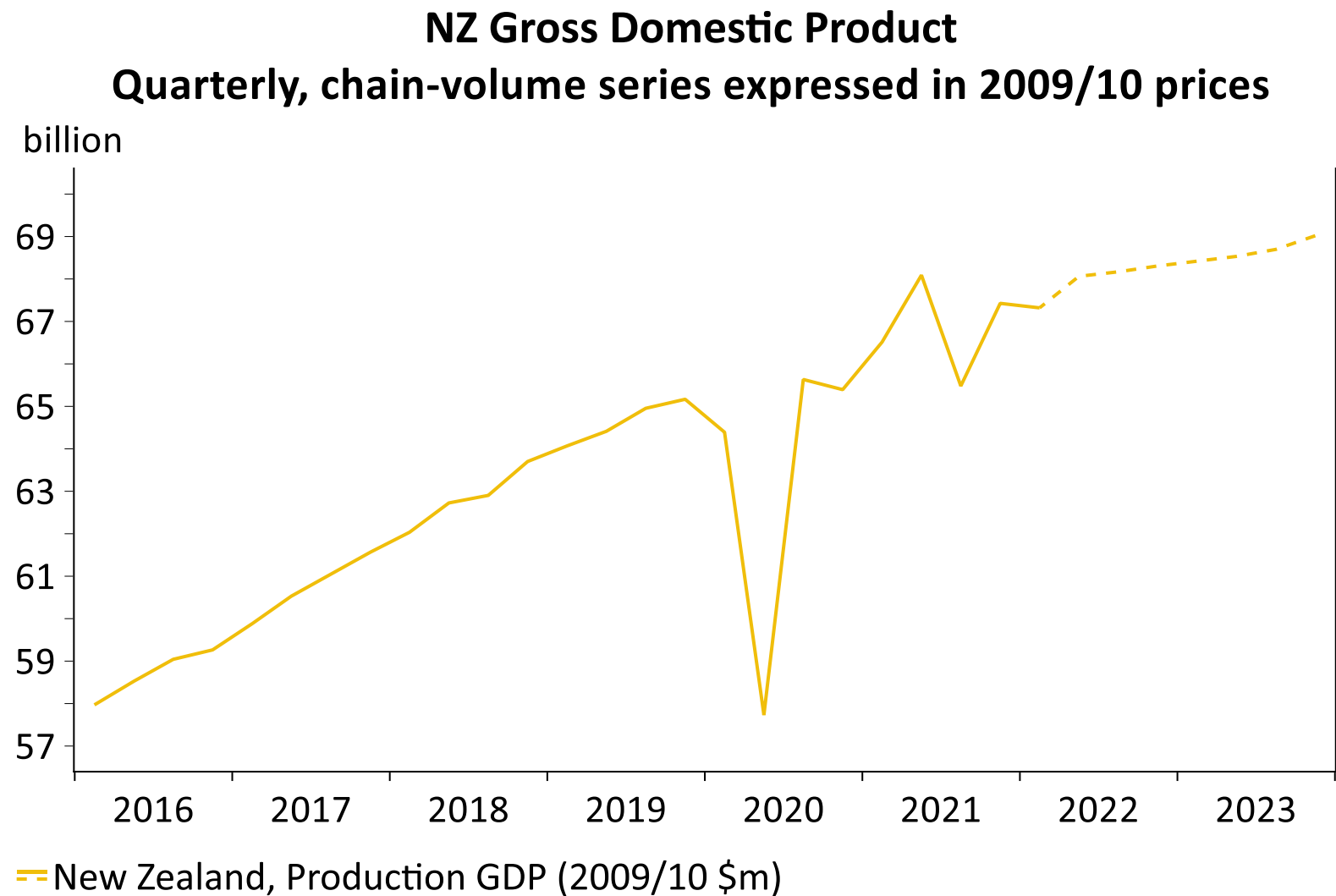
> Main centre people movements

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



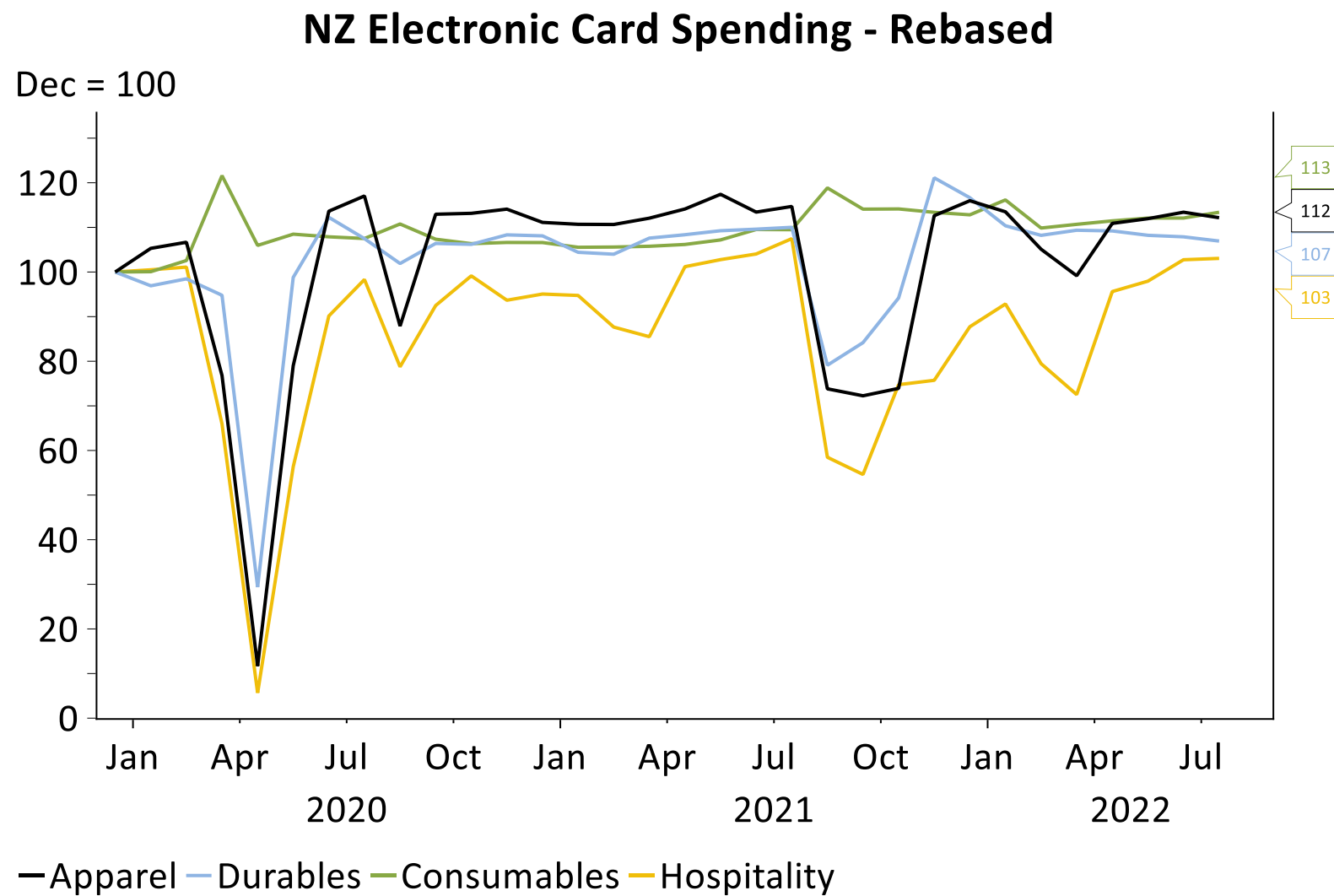
Source: Macrobond, ASB

> NZ GDP level



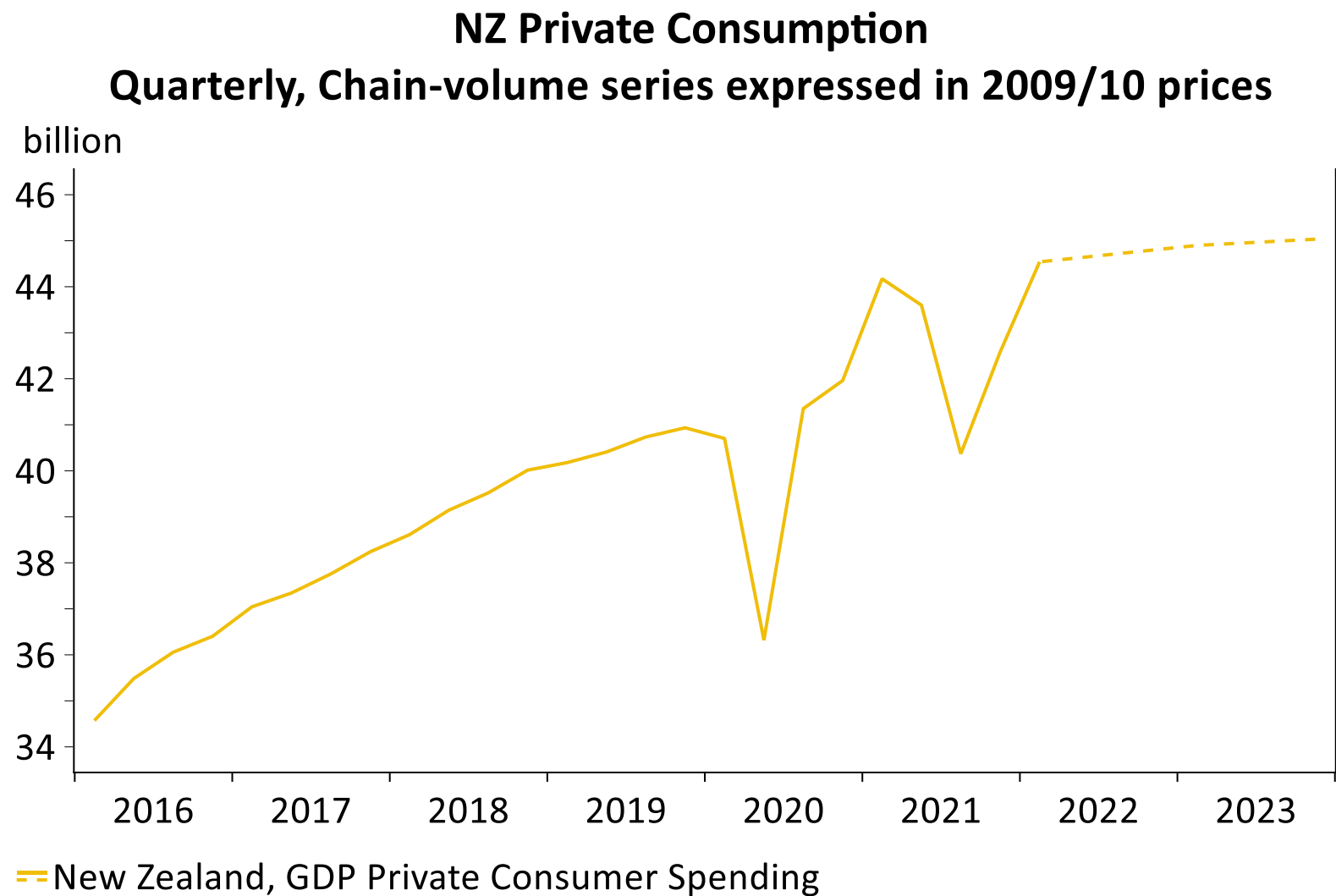
Source: Macrobond, ASB

› NZ retail spending



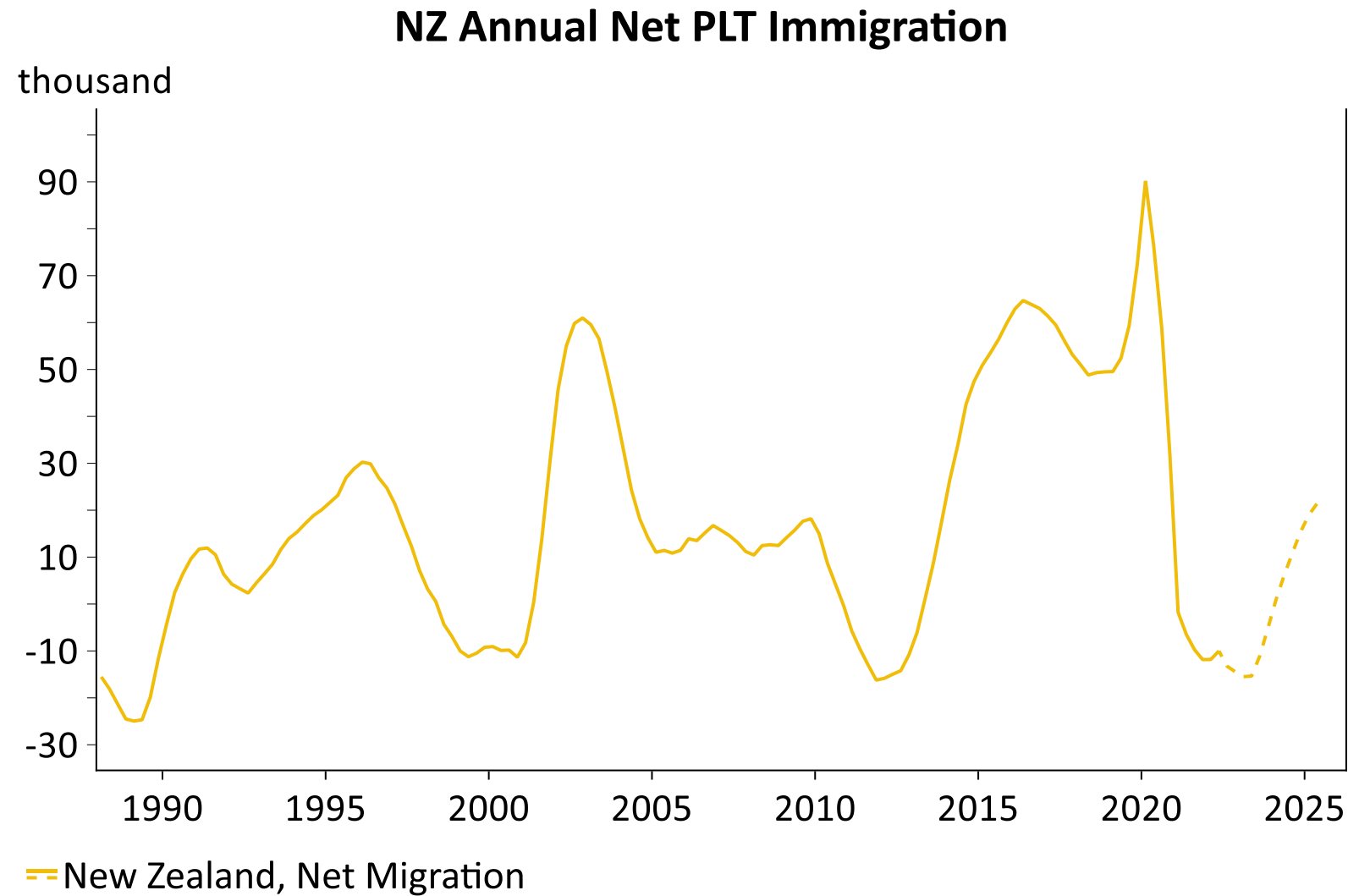
Source: Macrobond, ASB

> NZ consumer spending



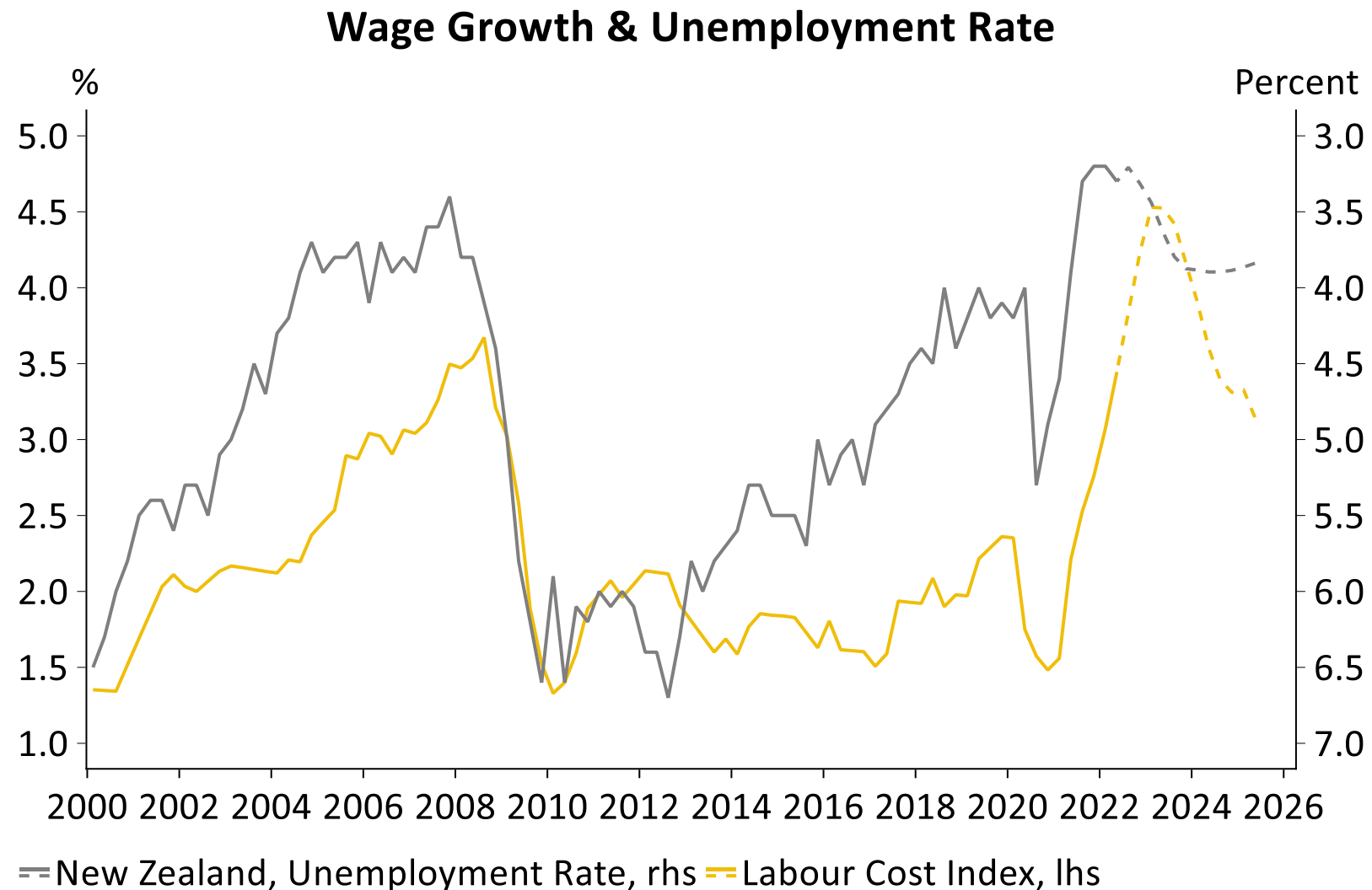
Source: Macrobond, ASB

› Net migration low, start to lift in 2023



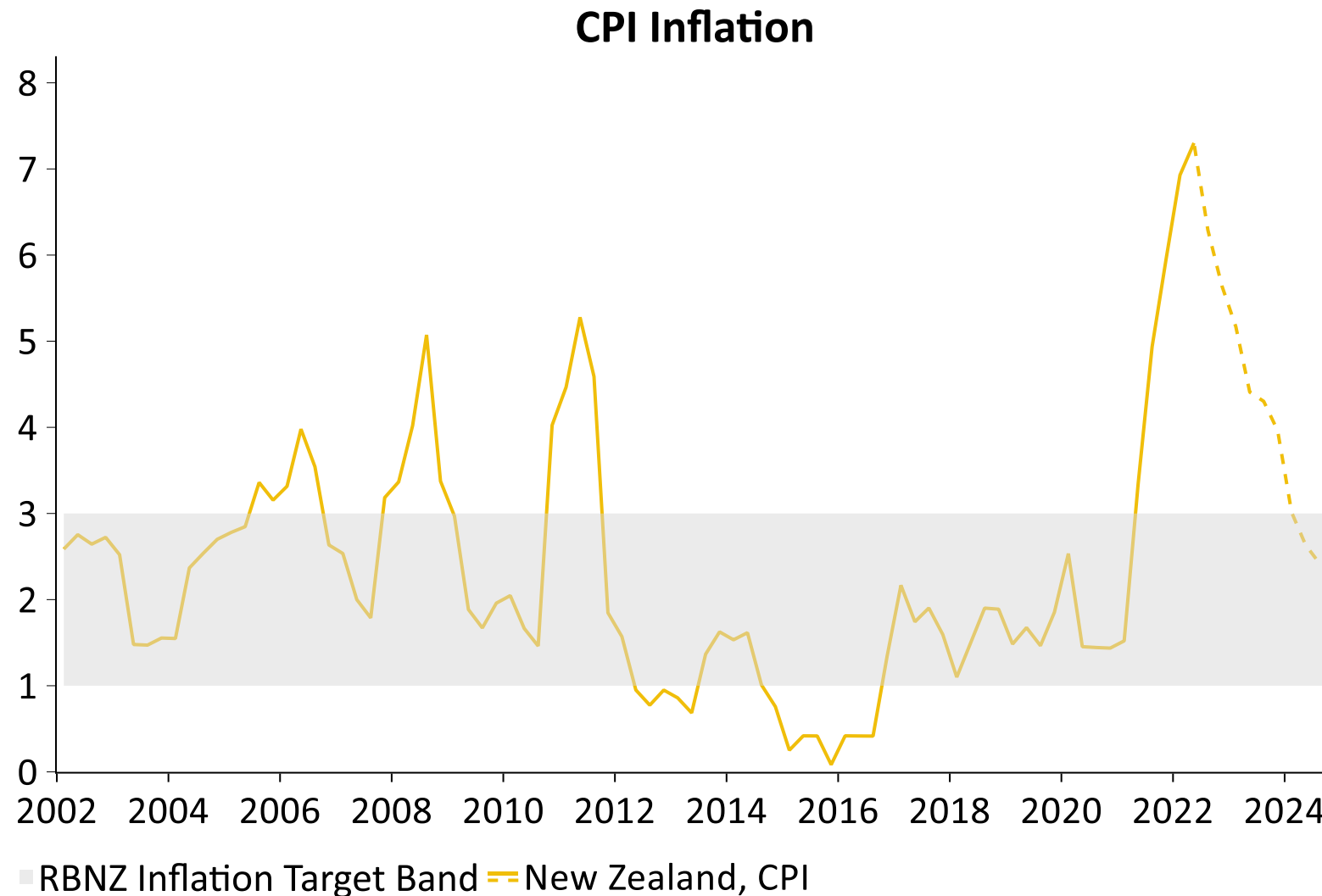
Source: Macrobond, ASB

› Wage inflation rising



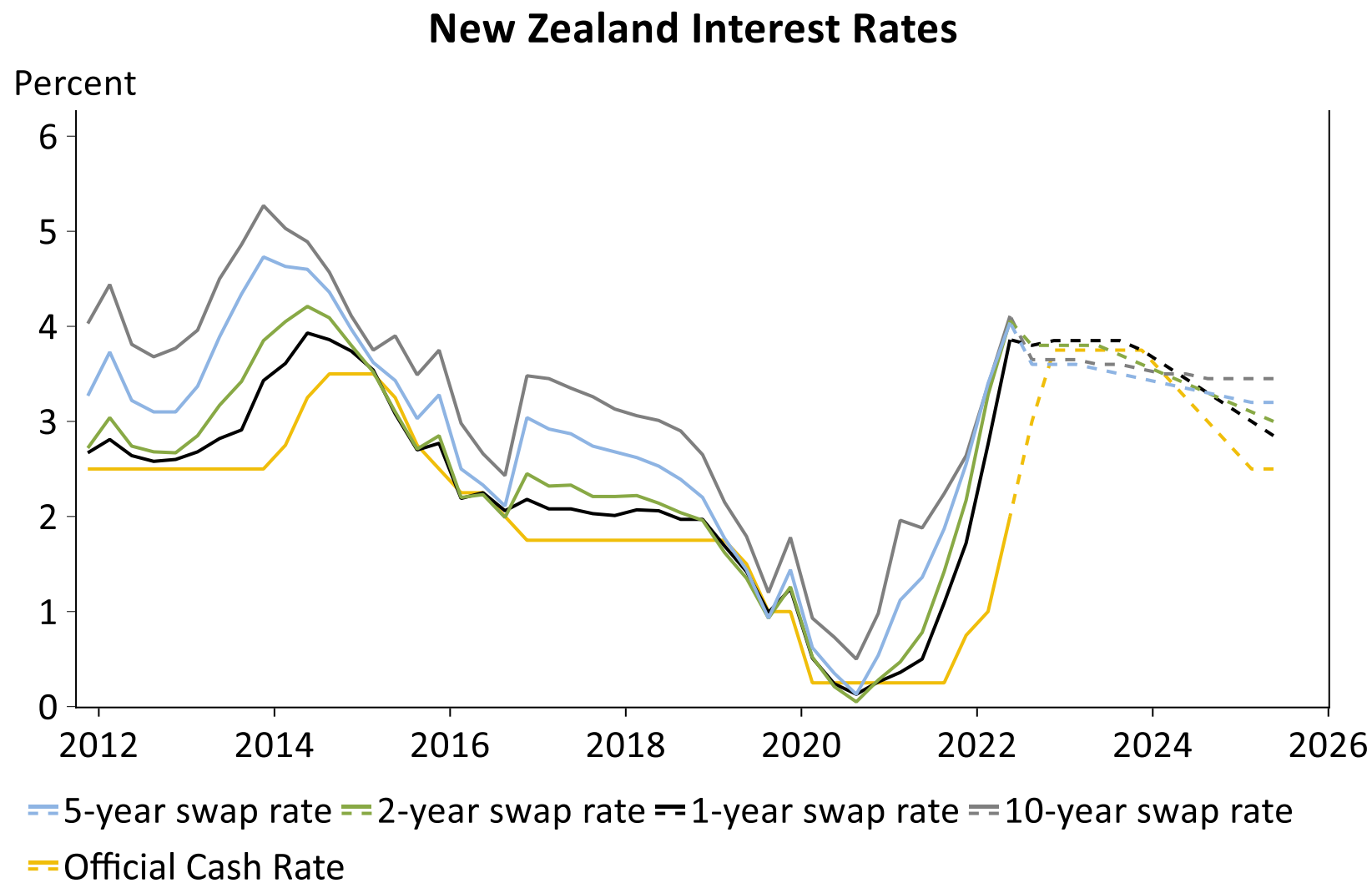
Source: Macrobond, ASB

› 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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