MONETARY INDICATORS

The level of primary liquidity rose over May to $1,179 million as a daily average compared to $1,019 million for April.

The Money Supply (M3) is estimated to have increased by 2.6 per cent in April, following growth of just 0.1 per cent in February and 1.1 per cent in March. The annual increase to April was 16.2 per cent, up from 15 per cent in the year to March (tables D.1, D.2, D.3).

Private Sector Credit (PSC) is estimated to have risen by 1.8 per cent in April, following a rise of 1 per cent in March and rates of increase in excess of 2 per cent in the previous three months. In the twelve months to April PSC grew by 22.6 per cent compared with an increase of 20.3 per cent in the year to March (tables D.2, D.3, D.4).

TRADING BANK DEPOSITS rose by 4.3 per cent in May following a 3.9 per cent increase in April. For the year to May deposits rose by 32.1 per cent, compared to 28.4 per cent in the year to April. Trading bank lending rose by 4.0 per cent in May, following a 0.5 per cent decline in April. In the year to May lending increased by 28.2 per cent, up from 26.0 per cent recorded in the twelve months to April (tables B.2, B.3, B.4, B.7, B.8, B.11).

Reflecting these relative movements, the trading banks' lending to deposits ratio fell slightly from 82.9 per cent in April to 82.1 per cent in May. Total credit limits at trading banks continued to rise over April, being 3.9 per cent higher than in March and 21.9 per cent higher than in April 1984 (table B.12).

In the year to May:

- Savings bank lending rose by 14.7 per cent and deposits by 8.7 per cent.
- Trustee savings banks (TSB) lending and deposits were up by 13.3 per cent and 14.9 per cent respectively (table C.2).
- Post Office Savings Bank (POSB) lending increased by 52.1 per cent and deposits by 8.8 per cent (table C.1).
- Private savings bank (PSB) lending and deposits fell by 12.3 per cent and 16.7 per cent respectively (table C.4).

EXTERNAL SECTOR

Estimates of the value of merchandise trade for May show an excess of exports over imports of $67.8 million. A year earlier imports for the month exceeded exports by $7.1 million.

The Export Price Index increased by 0.9 per cent over the March 1985 quarter, and was 24.4 per cent above the index for the March 1984 quarter. The Import Price Index decreased by 0.2 per cent over the quarter but was 26.7 per cent higher than the same quarter a year ago. The Export Volume Index increased by 25.2 per cent in the March quarter and was 13.7 per cent higher than in

---

March 1984. The Import Volume Index, which does not display a regular seasonal pattern, increased by 0.6 per cent over the quarter and was 2.1 per cent above the index for the March 1984 quarter.

A net private capital inflow of $198.8 million was recorded for April, following a similar inflow of $197.2 million for March. Over the twelve months to April there was a net inflow of $2,033 million (table G.4).

A balance of payments current account deficit of $231 million was recorded over the March quarter, bringing the deficit for the year to March to $2,706 million. Twelve months previously the deficit stood at $1,614 million (table J.4).

Official overseas reserves increased by $468.1 million in April to $2,438.5 million, compared to $1,194.7 million a year earlier (table G.1).

Consumption

Retail turnover rose 1.6 per cent in April following a 3.4 per cent increase in March. Turnover excluding the automotive sector was up 2.7 per cent. New car registrations for May rose 17.1 per cent from April, the largest monthly increase since last July’s devaluation-induced rise of 69.3 per cent (table J.1).

The value of hire purchase advances increased by 0.2 per cent over the March quarter, following a fall of 1.8 per cent over the December quarter. In annual terms advances grew by 14.7 per cent to the end of March.

Investment

The value of surveyed import orders of machinery and electrical equipment for April rose to $87.9 million, compared with $70.5 million in March and $41.3 million a year earlier (table J.2).

The number of dwelling permits issued in May (excluding additions and alterations) is estimated to be 2,292, 8.1 per cent up on the previous month.

Meanwhile, the value of permits issued for other buildings for the year to March (excluding additions and alterations) was 38.2 per cent higher than for the previous twelve months (table J.2).

The value of building work put in place over the March quarter fell slightly. The value of dwellings (including additions and alterations) was down 1.1 per cent on the December quarter while the value of other buildings fell 1.4 per cent over the same period.
Incomes

The *Prevailing Weekly Wage Rate Index* rose by 8.2 per cent in the year to March, reflecting the 6 per cent general wage order in February. The *Real Prevailing Wage Rate Index* fell by 4.5 per cent in the year to March (table J.3).

Meanwhile, average real disposable incomes of wage and salary earners as measured by the *Real Disposable Income Index* fell 0.8 per cent over the March quarter, implying a 6.4 per cent decrease over the four quarters to March 1985. Although gross incomes rose 8 per cent over the year this was more than offset by increases in consumer prices and income tax over the same period (table J.3).

Prices

The *Food Price Index* rose just 0.6 per cent in May, the smallest rate of increase since June 1984. For the twelve months to May, food prices rose 15.8 per cent, compared to a 16.1 per cent increase in the year to April (table J.3).

The *Producers Price Index* rose 4 per cent for inputs and 3.7 per cent for outputs in the March quarter, giving annual rates of increase of 16.5 per cent and 14.7 per cent respectively, the highest since the June quarter 1982 (table J.3).

Labour Market

The number of *registered unemployed* fell 1.4 per cent in May to 48,827. The total of registered unemployed and assisted employed fell by 3.5 per cent over the same month to 84,646 (table J.4).

The net outflow of *permanent and long-term migrants* continued in May, bringing the net outflow in the year to May to 11,567, compared to a net inflow of 4,360 in the year to May 1984.

*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.
PUBLICATIONS

MONETARY POLICY AND THE NEW ZEALAND FINANCIAL SYSTEM
Second Edition
The second edition of this book brings together in one volume a range of 25 articles on the financial system and monetary policy in New Zealand.
The Book can be purchased either from University Bookshops or the Reserve Bank.
Cost: N.Z. $8.00 per volume.

EXTERNAL ECONOMIC STRUCTURE AND POLICY
A reminder that this book incorporating 26 articles on balance of payment's policy, is available from the Reserve Bank.
Cost: N.Z. $10.00 per volume.

NEW ZEALAND IN CHANGE: POLICIES AND ATTITUDES
by Ian G. Douglas
This book brings together material from a series of public addresses given over a period of 18 months, beginning with Mr Douglas' appointment as Chairman of the Planning Council in September 1982. He describes these addresses as "a commentary from one person's perspective on some key aspects of change and on the kinds of response which these aspects should elicit".
Cost: N.Z. $6.00 per volume.

Order for these books should be accompanies by a cheque or postal note for the appropriate amount, and be addressed to:
The Economic Adviser,
Reserve Bank of New Zealand,
P.O. Box 2498,
WELLINGTON.