

**ECONOMIC UPDATE**

**Monetary Indicators**

Trading bank lending rose 17.6 per cent in the year to March, having risen 20.4 per cent in the year to February. Trading bank deposits over the same period were up 32 per cent, having risen 34.4 per cent in the February year. (B2, B3, B4, B7, B8, B11.) The trading banks’ lending to deposits ratio was 71.6 per cent for March, compared with 73.1 per cent for February.

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**External sector** (figures not seasonally adjusted).

A $99 million net inflow of private capital was recorded over January after a $60 million inflow the previous month (G4). For the year to January there was a net inflow of $1,674 million compared with a net inflow of $1,721 million for the year ended January 1985.

The OET current account deficit for the year ended January was $2,541 million compared with $2,435 million for the year ended December and $2,166 million for the January 1985 year (G4).

Merchandise trade figures for February show an excess of imports over exports of $23.4 million. A year earlier exports for the month exceeded imports by $182.4 million (G4).

A balance of payments current account deficit of $599 million was recorded over the December 1985 quarter, compared with a deficit of $887 million in the same quarter one year earlier. This brings the deficit for the year to December 1985 to $2,146 million, well down on the $2,434 million in the year to September 1985 and the $2,796 million recorded in the December 1984 year (J4).

New Zealand’s official overseas reserves decreased by $178 million during February to an end-of-month level of $2,850 million. At the end of February 1985 reserves stood at $2,772.3 million (G1).

**Incomes** (figures not seasonally adjusted).

The average real disposable incomes of wage and salary earners as measured by the Real Disposable Income index fell 1.2 per cent over the December quarter, implying a 4.6 per cent decrease in annual terms. Although gross incomes rose 13.9 per cent over the year this was more than offset by inflation and increased average tax rates (J3).
A net outflow of 1,698 permanent and long-term migrants was recorded over February bringing the net outflow over the last year to 20,826.

**Labour Market**

(excluding vacation workers)

- Registered Unemployed and Assisted Employed
- Registered Unemployed

**Prices**

The **Consumers Price Index (CPI)** rose 2.3 per cent over the March quarter and 13 per cent over the March year. The respective increases for the December quarter and year were 2.3 per cent and 15.3 per cent.

The **Food Price Index** rose 1.1 per cent in February, bringing the annual rate of increase to 11.5 per cent (J3).

**Government sector** (figures not seasonally adjusted).

**Government net expenditure** for the eleven months ended February was 18.1 per cent higher than for the corresponding period in 1983, while **government revenue** was up 17.1 per cent. The government **deficit before borrowing** for the eleven months was $3,831 million, 21 per cent higher than for the same period last year (E2).

**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.