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Summary

> The aim of our monthly *Property Focus* publication is to assess the state of the property market, providing investors and prospective homeowners with an independent appraisal of recent developments and our recommended borrowing strategy. In this issue, the feature article is on construction costs.

The month in review (page 2)

> Housing market activity looks to be accelerating with prices up, sales up and days to sell a house down. These are all going in the wrong direction as far as the Reserve Bank is concerned. Strong wage growth and a still tight labour market, along with healthy net migration inflows, are providing ongoing support to the housing market. Signs of acceleration leave the risk profile for interest rates pointed up.

Property gauges (page 3)

> Our property gauges are portraying a market that remains brisk, but that continues to contain an aura of vulnerability.

Economic backdrop (page 5)

> The Reserve Bank set a very high threshold for a rate hike when it decided to leave the OCR unchanged at its October OCR *Review*. Data since then has been coming in stronger than expected, but we believe the Reserve Bank will continue to hold firm in their December *Monetary Policy Statement*. However, the Bank has a firm tightening bias and we do not expect lower interest rates anytime soon.

Borrowing strategy (page 6)

> Although the Reserve Bank is expected to keep interest rates on hold for longer, we continue to recommend a balanced approach to borrowing. Two year rates continue to look reasonable, but the three year rates are starting to look tempting if you believe the economy will stay stronger for longer. Go floating only if you intend to pay off your mortgage quickly.

Feature article – construction costs (page 7)

> Strong activity in the construction sector is putting upward pressure on costs in that sector, which in turn is holding up non-tradable inflation. With a strong pipeline of activity in the non-residential construction area, we expect construction costs to remain elevated, with spillover into headline CPI inflation. This gives the Reserve Bank no scope to lower interest rates.

Key forecasts (page 10)

The month in review

Housing market activity looks to be accelerating with prices up, sales up and days to sell a house down. These are all going in the wrong direction as far as the Reserve Bank is concerned. Strong wage growth and a still tight labour market, along with healthy net migration inflows, are providing ongoing support to the housing market. Signs of acceleration leave the risk profile for interest rates pointed up.

The house hunting season started with a bang.

> **REINZ housing data – October month.** Housing market activity showed no sign of slowing in October, with a seasonally adjusted 0.4 percent increase in house sales from the previous month. The median number of days to sell eased further to 29 in October from 31 in September. The median house price jumped sharply, posting a new high of \$324,000 in October, up 9.8 percent on a year ago.

Labour market still tight.

> **Labour market – September quarter.** The 0.4 percent fall in employment recorded over the September quarter partially reverses strength in the June quarter, and it suggests a turning point in the labour market may have been reached. However, the overall picture remains one of a labour market that remains tight. Unemployment ticked up to 3.8 percent.

Consent statistics are still building.

> **Building Consents – September Month.** Residential building consents rose 6.1 percent in September, building on strong outturns in both July and August. Consent issuance is accelerating at a time the Reserve Bank would like to see a substantial drop from these levels to be comforted of easing in housing demand. Non-residential consents issuance remains steady, though it is down on a year ago. Overall building activity suggests there could be more pressure on construction costs.

Migrants are still arriving.

> **Migration – September month.** In seasonally adjusted terms, there was a net migration inflow of 1,280 in September. The annual net inflow of migrants has climbed to 13,200. While NZ continues to experience a net loss of 20,600 people to Australia, this has been offset by increases in net gains from Europe and Asia.

Demand for mortgages remains strong.

> **Mortgage Borrowing - September month.** Mortgage growth of \$1,416 million was recorded in September, building on growth of \$1,222 million in August. Annual mortgage growth eased to 14.1 percent. Mortgage growth is expected to continue to slow as existing mortgages are re-priced at higher rates and annual house price inflation continues to ease. But the slowdown will be very moderate given still strong housing market activity.

Assessment

Reserve Bank not getting the material slowdown in the housing market they are after.

It was a good start to the house hunting season with higher sales and prices and shorter sale times. For those with a home or thinking of trading down, the surprisingly strong lift in house prices will be a welcome sight. For first home buyers looking to enter the market, it may seem like that dream home will take a bit longer to acquire. For the Reserve Bank, it is yet another sign that the material slowdown in the housing market that they are after is a long way off. Repeated warnings from the Reserve Bank continue to go unheeded. With signs of domestic inflation pressures in the pipeline, particularly in the construction industry, and an increasingly buoyant consumer sector, the Reserve Bank will keep the talking tough, and warn of the prospects for higher interest rates.

While no one likes to see higher interest rates or the property market slow, the reality is that unfettered strength in the housing market adds to inflation pressure and a layer of vulnerability to the economy. Let's not forget that six months ago the Governor warned that if the housing market did not slow he was prepared to put up interest rates until it really hurt!

Property gauges

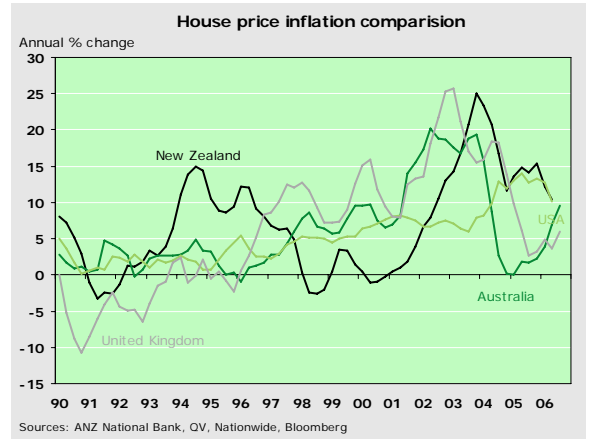
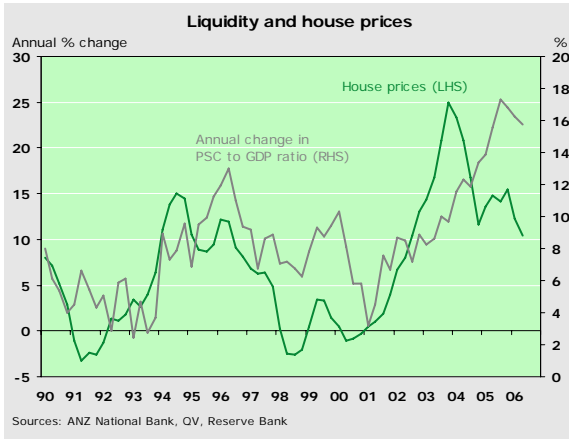
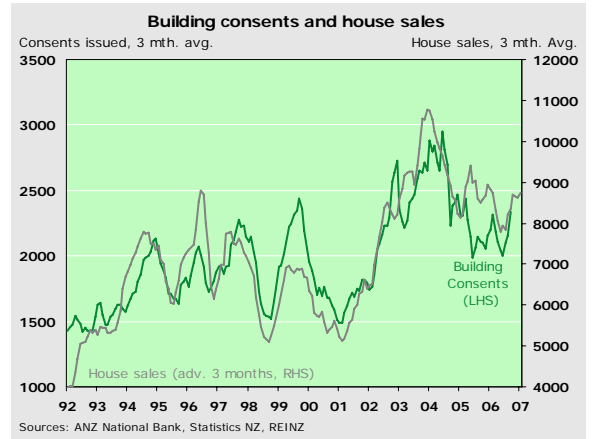
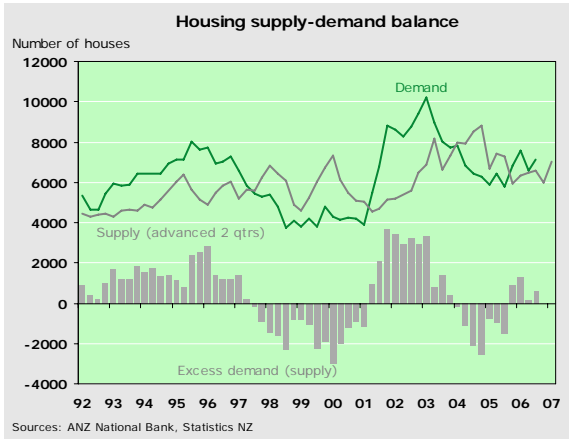
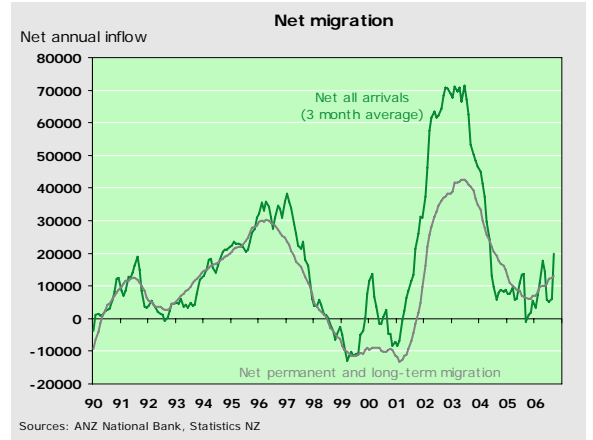
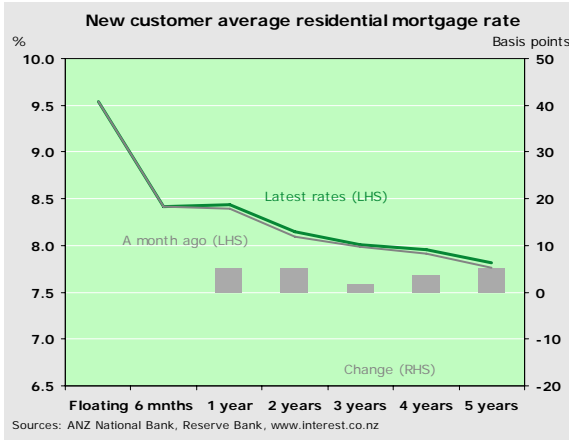
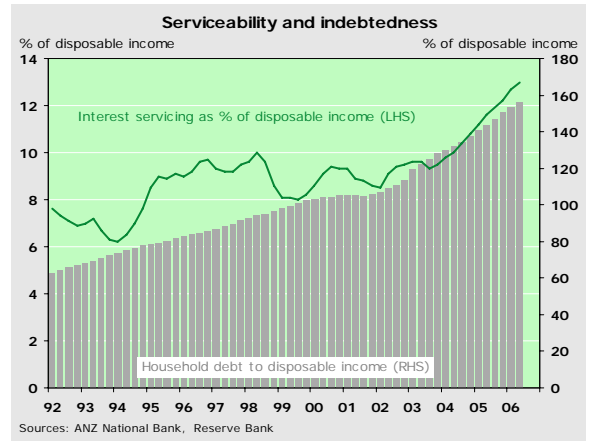
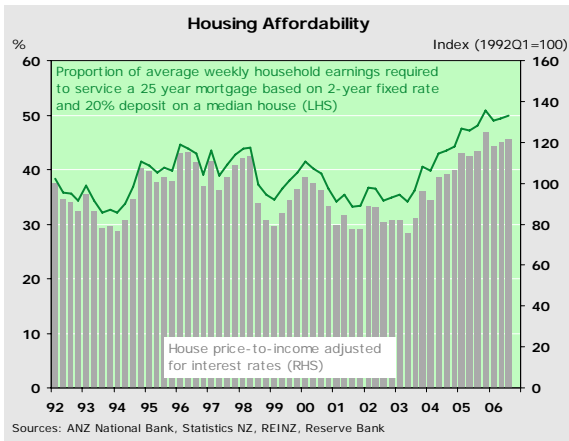
Our property gauges are portraying a market that remains brisk, but that continues to contain an aura of vulnerability.

We use eight gauges to assess the state of the property market, and whether warning signs are emerging.

- > **Affordability.** For new entrants into the housing market, we measure affordability using the ratio of house prices-to-income (augmented for interest rates), and mortgage payments as a proportion of income.
- > **Serviceability / indebtedness.** For existing homeowners, serviceability relates interest payments to income while indebtedness is measured as the level of debt relative to income.
- > **Interest rates.** Interest rates affect both the affordability of new houses and the serviceability of existing mortgage payments.
- > **Migration.** A key source of demand for new housing.
- > **Supply-demand balance.** We use dwelling consents issuance to proxy supply. Demand is derived via the natural growth rate in the population, net migration, and the average household size.
- > **Consents and house sales.** These are both key gauges of activity in the property market.
- > **Liquidity.** We look at growth in private sector credit relative to GDP to assess the availability of credit in supporting the property market.
- > **Globalisation.** We look at relative property price movements between New Zealand, the US, UK and Australia in recognition of the important role that globalisation is playing in NZ's property cycle.

Despite eroding affordability and a large number of mortgages coming up for renewal at higher rates, our gauges point to continued resilience in the property market. The strong labour market and reasonable net migration inflows are providing offsets to the downsides facing the market. House sales and consents issuance show a pick-up in activity, with continued resilience in the domestic economy and vibrant job market underpinning demand.

Indicator	Level	Direction for prices	Comment
Affordability	Expensive	↓	Rising house prices continue to outpace household earnings growth, leading to declining affordability.
Serviceability / indebtedness	High	↓	NZ households are becoming heavily geared, and the cost of servicing existing debt continues to rise.
Interest rates	High but maybe not enough?	↓	Aggressive competition amongst banks saw fixed mortgage rates below 8 percent for a while. All power to the consumer! There is still a bow-wave of mortgages rolling off from the mortgage war of 2 years ago at higher rates.
Migration	Medium	↔/↑	Migration inflows are slowly drifting up, which is providing support to the market.
Supply-demand balance	Neutral	↔	Slight excess demand appearing due to migration inflows.
Consents and house sales	Signs of pick-up	↔	Activity is picking-up, but is still well down from its past peak.
Liquidity	High	↑	Liquidity remains abundant.
Globalisation	Cheap in world terms	↑	NZ property is still cheap on a global basis. Market becoming integrated with Australia.
On balance		↓	Property gauges point to continued resilience in the property market but it is hard to ignore the valuation indicators.



Economic backdrop

The Reserve Bank set a very high threshold for a rate hike when it decided to leave the OCR unchanged at its October OCR Review. Data since then has been coming in stronger than expected, but we believe the Reserve Bank will continue to hold firm in their December *Monetary Policy Statement*. However, the Bank has a firm tightening bias and we do not expect lower interest rates anytime soon.

> Mona Lisa cracks a smile

September quarter labour market data showed employment dropping 0.4 percent and the unemployment rate rising from 3.6 percent to 3.8 percent. The easing partially reverses a stronger first half of the year and encouragingly suggests a turning point in the labour market has been reached. "Encouraging" because the missing link transferring the economic slowdown from the business sector to households may be slowly beginning to emerge. However, astute property investors will realise that this easing in labour market conditions will eventually flow through to a softening in the housing market.

Other data flow continues to surprise on the upside and point to ongoing resilience in domestic demand. Retail spending rebounded with a vengeance in the September quarter, as lower petrol prices and a higher New Zealand dollar gave consumers an excuse to splash out.

Despite the data showing ongoing resilience, the economic backdrop remains one of a slowing economy. We are not losing track of the bigger picture. Imbalances built up in the economy need to be purged through a period of modest growth. The economy could either slow on its own accord, or the Reserve Bank could help it along.

> The Thinker vs. the Tinker

At its last interest rate review, the Reserve Bank decided to leave the Official Cash Rate unchanged at 7.25 percent. In our view the decision was a 50:50 call and it could have swung either way. We thought the Reserve Bank would hike as a late-cycle insurance policy to ensure inflation pressure remains well contained. But the Reserve Bank Governor clearly felt that he could allow past policy tightening more time to filter through the economy. The threshold for a rate hike is obviously high, and we find it difficult to envisage a move at the next *Monetary Policy Statement* on 7 December – even though the Reserve Bank has not ruled out further policy tightening. Yet, prudence demands that we make some alterations to our interest rate forecasts given the implicit inflation risk brought about by the Reserve Bank running a "hold" as opposed to a "knock it on the head" strategy.

We still see the easing cycle being aggressive, but starting in late 2007 as opposed to mid-year. The message for now: interest rates are going to remain high for a long-time. Twelve months is an awfully long time in monetary policy circles and cycles. But with the way growth and inflation are panning out at present, we find it difficult to foresee an earlier move, yet we cannot fully rule out a hike, and our interest rate track now reflects this combination.

> Holiday season binge?

Despite a higher unemployment rate, workers still have more money in their pockets compared to a year ago thanks to higher wages. These will undoubtedly find their way into retailers' tills as we head into the Christmas shopping season, and help keep the housing market and credit demand buoyant. The Reserve Bank could play the Grinch and hike interest rates in December, but we do not believe they will. But the Bank will be on the look out for any post-Christmas hangover in the flow of data over January and February.

Economy resilient, but imbalances need to be purged.

A coin toss to decide whether the RB would hike or not.

Lower interest rates a long way off.

Borrowing strategy

Although the Reserve Bank is expected to keep interest rates on hold for longer, we continue to recommend a balanced approach to borrowing. Two year rates continue to look reasonable, but the three year rates are starting to look tempting if you believe the economy will stay stronger for longer. Go floating only if you intend to pay off your mortgage quickly.

> Up across the curve

Although the Reserve Bank left interest rates unchanged in October, retail mortgage rates are higher across the curve compared to a month ago, from the one year fixed rate and above. As fears of a recession in the US fades and prospects for cuts to US interest rates get pushed out, expect higher New Zealand mortgage rates at the long end (4 and 5 year).

> Which rate?

The current mortgage curve is not looking particularly attractive at present. Even the lowest rate on offer, which is at the 5-year end, is getting close to 8 percent. While locking in for that duration provides a degree of certainty in terms of repayments, this strategy does not provide any flexibility to take advantage of lower interest rates when and if that eventually occurs. Ultimately, the decision depends on individual circumstances and whether one has strong views on the interest rate outlook, but fixing for shorter durations initially comes at a cost of up to 60 basis points, which may be worth paying for the added flexibility to take advantage of lower rates if they fall.

> Our view

With the Reserve Bank expected to keep official interest rates on hold for longer, but with a tightening bias, we do not expect 1 and 2 year fixed lending rates to head materially lower anytime soon. Our view is that 1 and 2 year fixed lending rates will head below 7 percent in early 2008, but the risk profile is tilted towards a more elongated period of higher rates.

> Themes we would recommend in the current environment

- **Take a balanced (diversified) approach.** Spread your risk by having exposure to different parts of the yield curve.
- **Longer-dated (5-year) rates still offer some value** given their historical average, the risk profile for rates and the prospect for an elongated period of higher interest rates. A key question to ask yourself as a property investor is how strong you expect the market to remain. If the answer is strong, lock in for 5 years because the Reserve Bank will not be lowering rates, and may still increase them. Those with a slightly shorter-term horizon should consider the 3-year rate.
- **Take a 12-24 month rate now, in anticipation of more favourable 2-year rates in 2008.** A succession of shorter-term rates could leave you better off over five years than taking a five year rate by the time the loan comes up for renewal. This approach is consistent with our core economic view that rates are set to fall aggressively from late-2007. Those bearish the property market should be hedging here.
- **If cash-flow is an active constraint,** look at extending the term of the loan. While this means paying more in interest costs, at least it provides some cash-flow relief in the near-term.

Fixed rates higher from a month ago.

A balanced approach still best.

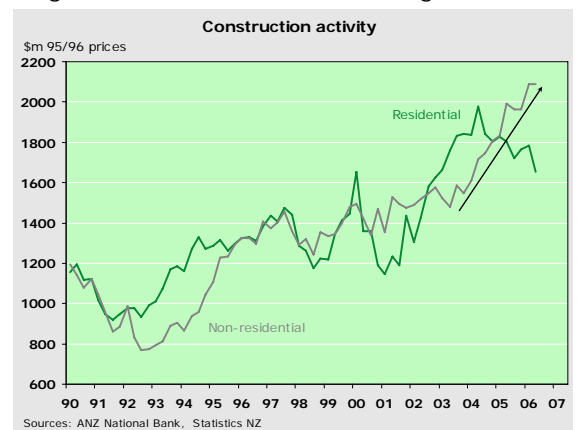
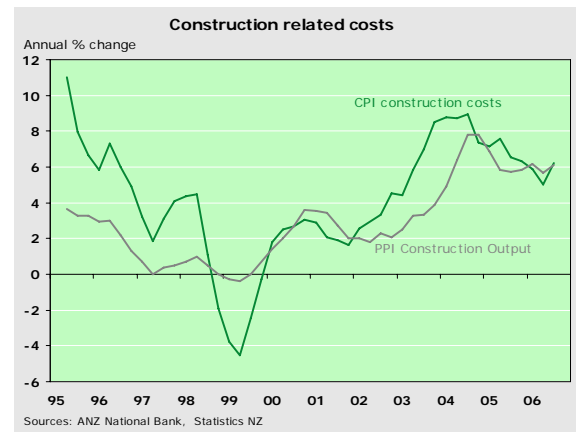
Feature article – construction costs

Strong activity in the construction sector is putting upward pressure on costs in that sector, which in turn is holding up non-tradable inflation. With a strong pipeline of activity in the non-residential construction area, we expect construction costs to remain elevated, with spillover into headline CPI inflation. This gives the Reserve Bank no scope to lower interest rates.

The cost to build a new house has typically played an important role in New Zealand's inflation dynamic. As it has a relatively large weight in the CPI (4.66 percent in headline CPI and 8.68 percent in non-tradable inflation), changes in the cost of constructing a house have a strong influence on overall inflation. When there is strong demand for new houses, costs of building them go up. But builders will cut their margins (and hence prices) when there is little work around. The influence of construction costs on the CPI is the reason why the Reserve Bank pays a lot of attention to them. Simply put, interest rates will not fall until construction costs ease. If construction costs continue to escalate, interest rates could well move up.

After easing in late 2005, construction costs have started to rise again. We believe there are four key reasons behind the recent reacceleration:

- **It coincides with strengthening housing market.** Housing market activity appears to be reaccelerating, with a still strong labour market and decent net migration inflows providing pivotal support.
- **Construction costs are playing catch-up to house prices.** The cost of building a new home did not rise to the same extent as house prices during the current cycle, suggesting that construction costs will stay elevated for longer even as house prices moderate.
- **Cost push from raw materials and labour costs are apparent.** Construction sector total hourly earnings are up 5.4 percent on a year ago. Key commodity prices such as copper and aluminium have risen by 70 percent and 35 percent respectively in New Zealand dollar terms. A large number of builders cite higher prices for construction components, increased subcontractors' charges and increased cost of fittings for the recent rise in construction costs.
- **Strong non-residential activity.** Increased Government related construction spending (on new hospitals and prisons) over the past few years occurred at the same time as demand for commercial buildings rose. Over the next few years, large infrastructure projects, particularly for roading, will buoy activity. With



The cost to build a new house has a strong influence on CPI inflation.

Strength in the housing market...

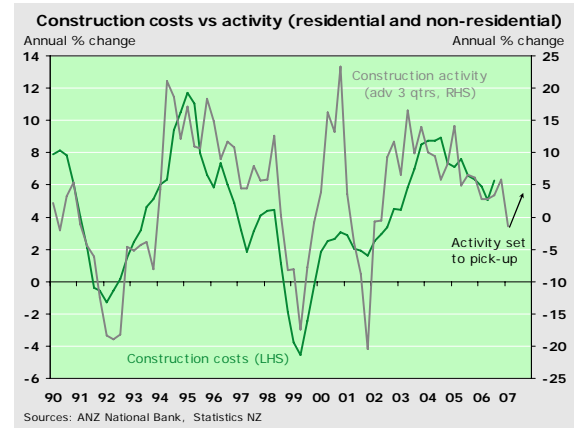
...and strong non-residential activity are helping push construction costs higher.

land transport spending equivalent to between 1.1 to 1.4 percent of GDP committed over the next five years, the construction industry is expected to be at full capacity for some time. Since Government projects typically command fatter margins and have less cost control (cost overruns are common, just see the recent prison expenditure overruns as an example), this will further add to pricing pressure in the industry, some of which will spill-over into the residential sector.

When we look at the statistical drivers of construction costs, we find that:

Total construction activity important in driving construction costs.

- Total construction activity is more important than residential activity in determining construction costs. The implication we take from this is that construction work in aggregate is the key as opposed to just housing. You cannot blame the housing market for rising construction costs. As a rough rule of thumb a 1 percent rise in construction activity increases constructions costs by around 0.24 percent.



- There is a strong role for house prices. The two go hand in hand. If houses prices grow faster than construction costs it pays to build a house. Conversely, if construction costs exceed house prices it pays to buy a pre-existing house.
- There is a strong degree of persistence with around half the increase in construction costs from the previous quarter flowing through into increases in the current quarter.
- There is a weak statistical link with cost-push factors. These include raw materials and labour costs. The weak link is testament to the fact that demand-pull still dominates the construction cost dynamic. In effect, the sector prices according to market conditions, with higher prices when demand is strong (regardless of the cost of materials) and vice versa.

Construction costs to remain elevated for some time.

A few months ago, we were expecting construction costs to continue moderating. But we now believe that construction costs are likely to remain elevated or possibly even accelerate over the coming quarters – much to the potential frustration of the Reserve Bank. The non-residential construction sector is still going strong, and early signs of a pick-up in housing market activity are an indication that the residential construction area will improve. House prices remain sticky and show no sign of a material slowdown. Although we did not find a strong role for cost-push factors, we note that margins in the construction industry are contracting despite strong activity. This suggests there is some pipeline pressure to come if demand conditions allow such costs to be passed on. With a healthy pipeline of work ahead and shortages of good builders, expect to see builders pass through most of their cost increases onto the customers. Encouragingly, we have seen the prices of hard commodities that are used in construction materials fall recently. But as noted above we find no strong statistical link from these through to construction costs, which implies this channel will largely be immaterial.

> Implications for the New Zealand market

As a general observation, demand for work needs to dry up before builders will lower their prices. Although the economy is already a year into a slowdown and expected to continue slowing, the construction industry look set to remain at full capacity. Soft landings or full-order books do not ease inflation. This leaves us very wary of how this cycle could unfold.

- Previous rapid dissipations in construction costs, and therefore non-tradable inflation, have been linked to a hard landing in the economy. A gradual moderation in construction activity may not be enough to dampen inflationary pressure quickly within the sector.
- If activity remains strong – which is what recent indicators are telling us – cost pressures will continue to build in the construction sector, leading to further price rises. Households and firms looking at construction projects, particularly those with long build-times, will need to factor in a good buffer.
- Expect higher interest rates for longer. Although headline CPI inflation looks to be heading lower in the December quarter thanks to lower petrol prices, high construction costs look set to keep non-tradable inflation high at around 4 percent. This will present a headache for the Reserve Bank, forcing them to keep interest rates higher for longer.
- The residential market will need to take more of the adjustment if non-residential and infrastructure work is adding to total construction activity. Total construction work needs to fall in order to ease construction costs, and if non-residential work is fixed through large projects such as stadiums (refer below) and infrastructure, the residual is residential activity.

Things to watch out for include:

- The composition of the December quarter CPI inflation for signs of continued acceleration in the cost to build a new house. Any nasty surprise and the Reserve Bank could be forced to pull the interest rate trigger.
- Details of the proposed Auckland waterfront stadium, which is a lot of additional activity for the construction sector alone even though it is spread over four years. If approved, the project is likely to divert regional (and some national) resources, and if other sectors of the economy want any other work done during that time, they will need to pay up. Construction costs will not ease under such a scenario, and in fact are likely to accelerate further.
- Finance company developments. Although finance company distresses have been out of the headlines for a while, the ongoing economic slowdown could put more strain on the sector and lead to less credit being available for prospective homeowners. This could see demand for houses fall at the margin. But we suspect such an effect will be limited to small pockets.

Factor in a good buffer for construction projects.

Proposed Auckland waterfront stadium something to watch out for.

STATISTICAL ANNEX

Weekly mortgage repayments table (based on 25 year term)

Mortgage size (\$'000)	Mortgage rate (%)													
	6.75	7.00	7.25	7.50	7.75	8.00	8.25	8.50	8.75	9.00	9.25	9.50	9.75	10.00
100	159.31	162.97	166.66	170.40	174.17	177.97	181.81	185.68	189.58	193.51	197.48	201.47	205.50	209.55
150	238.96	244.45	250.00	255.60	261.25	266.95	272.71	278.51	284.37	290.27	296.22	302.21	308.25	314.32
200	318.62	325.94	333.33	340.79	348.33	355.94	363.61	371.35	379.16	387.03	394.96	402.95	410.99	419.10
250	398.27	407.42	416.66	425.99	435.41	444.92	454.51	464.19	473.95	483.78	493.69	503.68	513.74	523.87
300	477.93	488.91	499.99	511.19	522.50	533.91	545.42	557.03	568.74	580.54	592.43	604.42	616.49	628.65
350	557.58	570.39	583.33	596.39	609.58	622.89	636.32	649.87	663.52	677.29	691.17	705.15	719.24	733.42
400	637.24	651.87	666.66	681.59	696.66	711.87	727.22	742.70	758.31	774.05	789.91	805.89	821.99	838.20
450	716.89	733.36	749.99	766.79	783.75	800.86	818.13	835.54	853.10	870.81	888.65	906.63	924.74	942.97
500	796.55	814.84	833.32	851.99	870.83	889.84	909.03	928.38	947.89	967.56	987.39	1,007.36	1,027.49	1,047.75
550	876.20	896.33	916.66	937.19	957.91	978.83	999.93	1,021.22	1,042.68	1,064.32	1,086.13	1,108.10	1,130.23	1,152.52
600	955.86	977.81	999.99	1,022.38	1,044.99	1,067.81	1,090.83	1,114.06	1,137.47	1,161.08	1,184.87	1,208.84	1,232.98	1,257.30
650	1,035.51	1,059.29	1,083.32	1,107.58	1,132.08	1,156.80	1,181.74	1,206.89	1,232.26	1,257.83	1,283.61	1,309.57	1,335.73	1,362.07
700	1,115.16	1,140.78	1,166.65	1,192.78	1,219.16	1,245.78	1,272.64	1,299.73	1,327.05	1,354.59	1,382.34	1,410.31	1,438.48	1,466.85
750	1,194.82	1,222.26	1,249.99	1,277.98	1,306.24	1,334.76	1,363.54	1,392.57	1,421.84	1,451.35	1,481.08	1,511.05	1,541.23	1,571.62
800	1,274.47	1,303.75	1,333.32	1,363.18	1,393.32	1,423.75	1,454.45	1,485.41	1,516.63	1,548.10	1,579.82	1,611.78	1,643.98	1,676.40
850	1,354.13	1,385.23	1,416.65	1,448.38	1,480.41	1,512.73	1,545.35	1,578.24	1,611.42	1,644.86	1,678.56	1,712.52	1,746.73	1,781.17
900	1,433.78	1,466.72	1,499.98	1,533.58	1,567.49	1,601.72	1,636.25	1,671.08	1,706.21	1,741.61	1,777.30	1,813.26	1,849.47	1,885.95
950	1,513.44	1,548.20	1,583.31	1,618.78	1,654.57	1,690.70	1,727.15	1,763.92	1,801.00	1,838.37	1,876.04	1,913.99	1,952.22	1,990.72
1,000	1,593.09	1,629.68	1,666.65	1,703.97	1,741.66	1,779.69	1,818.06	1,856.76	1,895.78	1,935.13	1,974.78	2,014.73	2,054.97	2,095.50

Housing market indicators for October 2006 (based on REINZ data)

	House prices (Annual % change)	3 month % change	Average days to sell	Comment
Northland	15.3	-2.2	37	Prices pickup from a soft September
Auckland	7.3	0.8	27	Days to sell shortens to a new low for 2006
Waikato	13.7	2.4	35	Annual price growth has been consistently double-digit
Bay of Plenty	7.3	3.7	43	Had the longest time to sell a house in NZ in October
Gisborne	15.4	2.0	32	Prices are beginning to pick up
Hawke's Bay	12.6	4.5	42	Selling days remain stubbornly high
Taranaki	16.5	5.6	34	Second strongest annual rise in house prices
Manawatu-Wanganui	15.9	1.0	29	Prices continue to stay at elevated levels
Wellington	16.1	2.3	23	Houses are selling like hotcakes in the Capital
Nelson-Marlborough	15.8	4.3	29	Days to sell shortens to a 2½ year low
West Coast	9.3	5.4	36	The average house price is a whisker below \$200k
Canterbury	11.4	2.8	27	Shadowing the national trend
Otago	-4.5	-0.1	33	Prices are starting to ease
Southland	24.0	7.3	24	Strongest annual rise in house prices
NEW ZEALAND	10.1	2.0	29	The market continues to thumb its nose at the RB

Key forecasts

Economic indicators	Actual			Forecast						
	Mar 06	Jun 06	Sep 06	Dec 06	Mar 07	Jun 07	Sep 07	Dec 07	Mar 08	Jun 08
GDP (ann avg % chg)	2.2	1.9	1.7 ^e	1.9	1.8	1.8	1.7	1.4	1.3	1.4
CPI inflation (%)	3.3	4.0	3.5	3.0	3.1	2.8	2.9	3.2	2.7	2.1
Unemployment rate (%)	3.9	3.6	3.8	3.9	4.0	4.3	4.4	4.5	4.4	4.6
Interest rates	Actual			Forecast (end month)						
	Sep 06	Oct 06	Current	Dec 06	Mar 07	Jun 07	Sep 07	Dec 07	Mar 08	Jun 08
Official Cash Rate	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.00	6.50	6.00
90-day bank bill rate	7.6	7.7	7.6	7.5	7.5	7.4	7.4	7.0	6.5	6.1
Floating mortgage rate	9.5	9.5	9.5	9.5	9.5	9.4	9.4	9.0	8.5	8.1
1-yr fixed mortgage rate	8.4	8.4	8.4	8.4	8.3	8.0	7.6	7.1	6.8	6.6
2-yr fixed mortgage rate	8.2	8.1	8.2	8.2	8.0	7.7	7.3	7.0	6.8	6.8
5-yr fixed mortgage rate	7.7	7.8	7.8	7.8	7.8	7.6	7.3	7.1	7.1	7.3

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