

Same Old Uncertainties

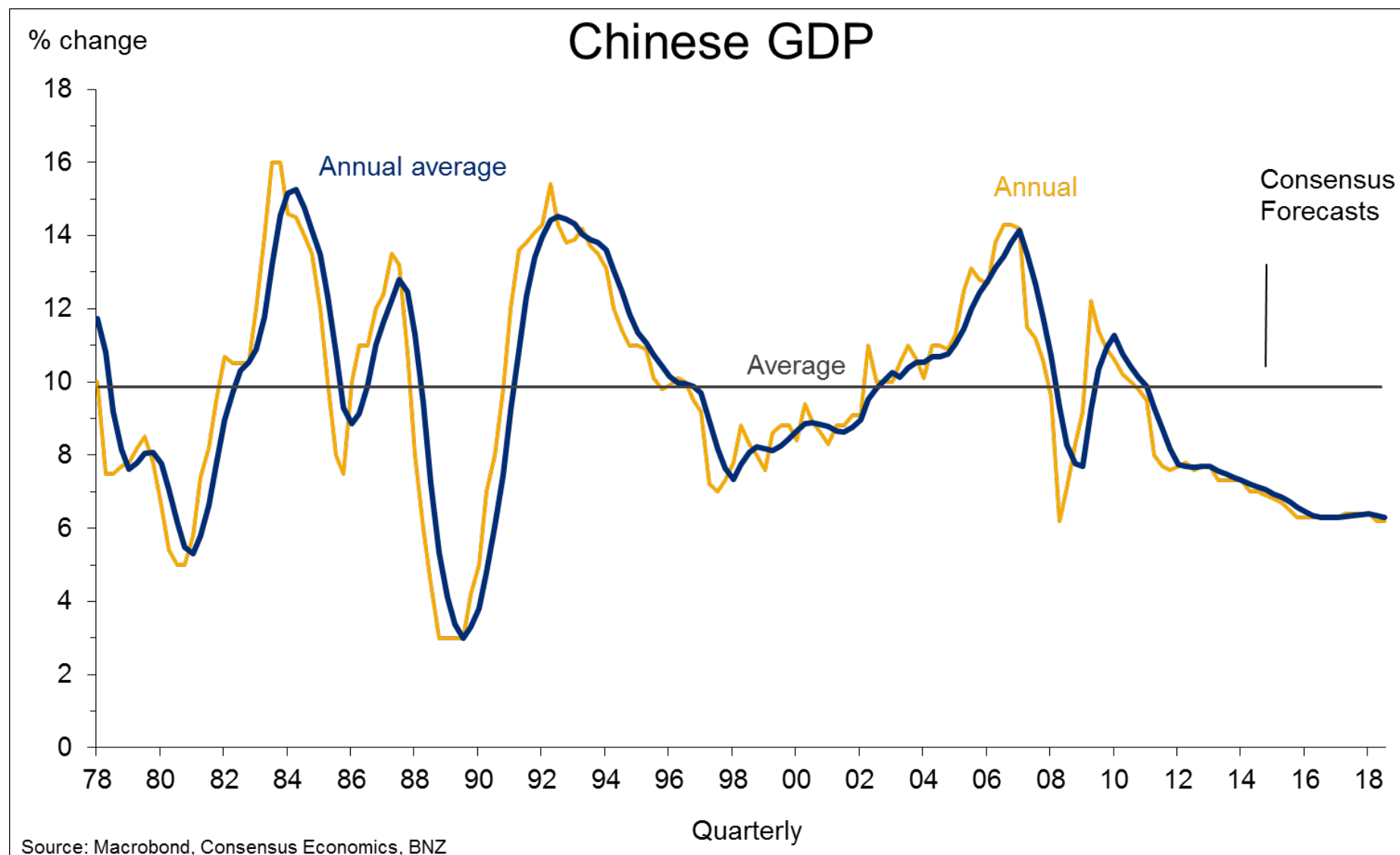
Stephen Toplis – Head of Research

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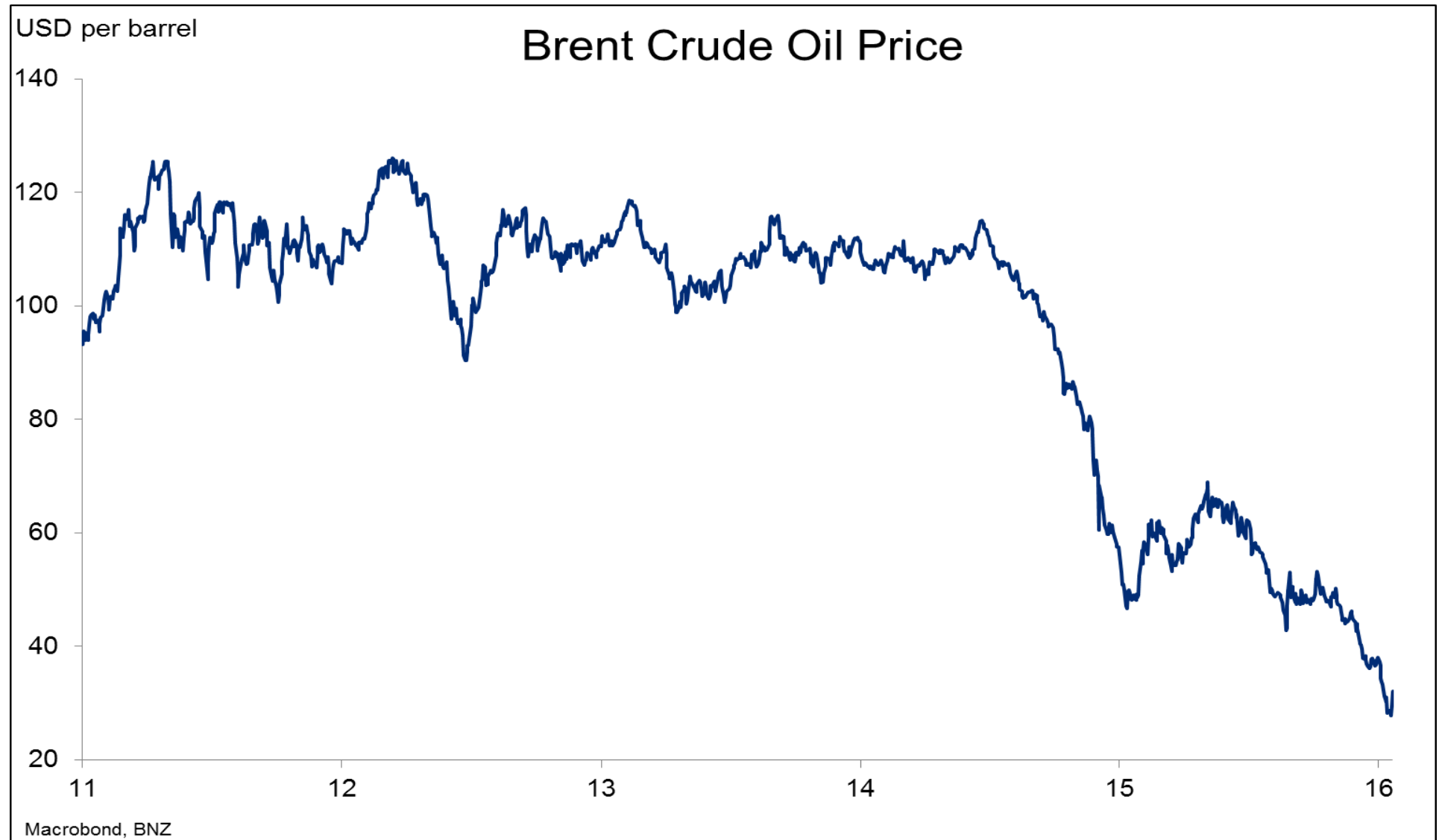
Global Ruptions

- ***Chinese slowdown***
- ***Oil price slump***
- ***US tightening***
- ***Emerging market fallout***
- ***This ain't no GFC***

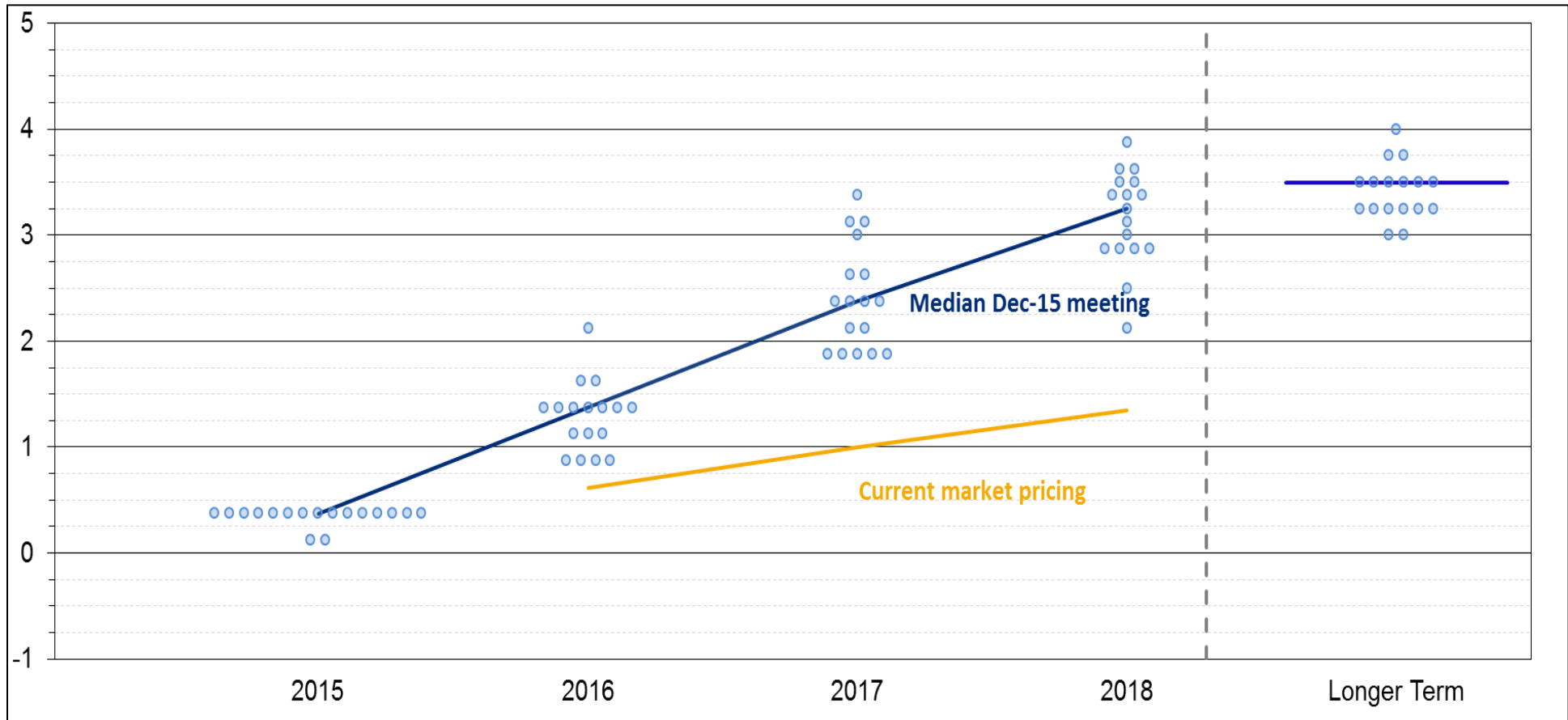
Chinese Growth Wilting



Oil Price Slump



Fed Tightening



Emerging Market Fallout

- ***Transmission mechanism***
 - Trade
 - Commodity prices
 - Global Financial system

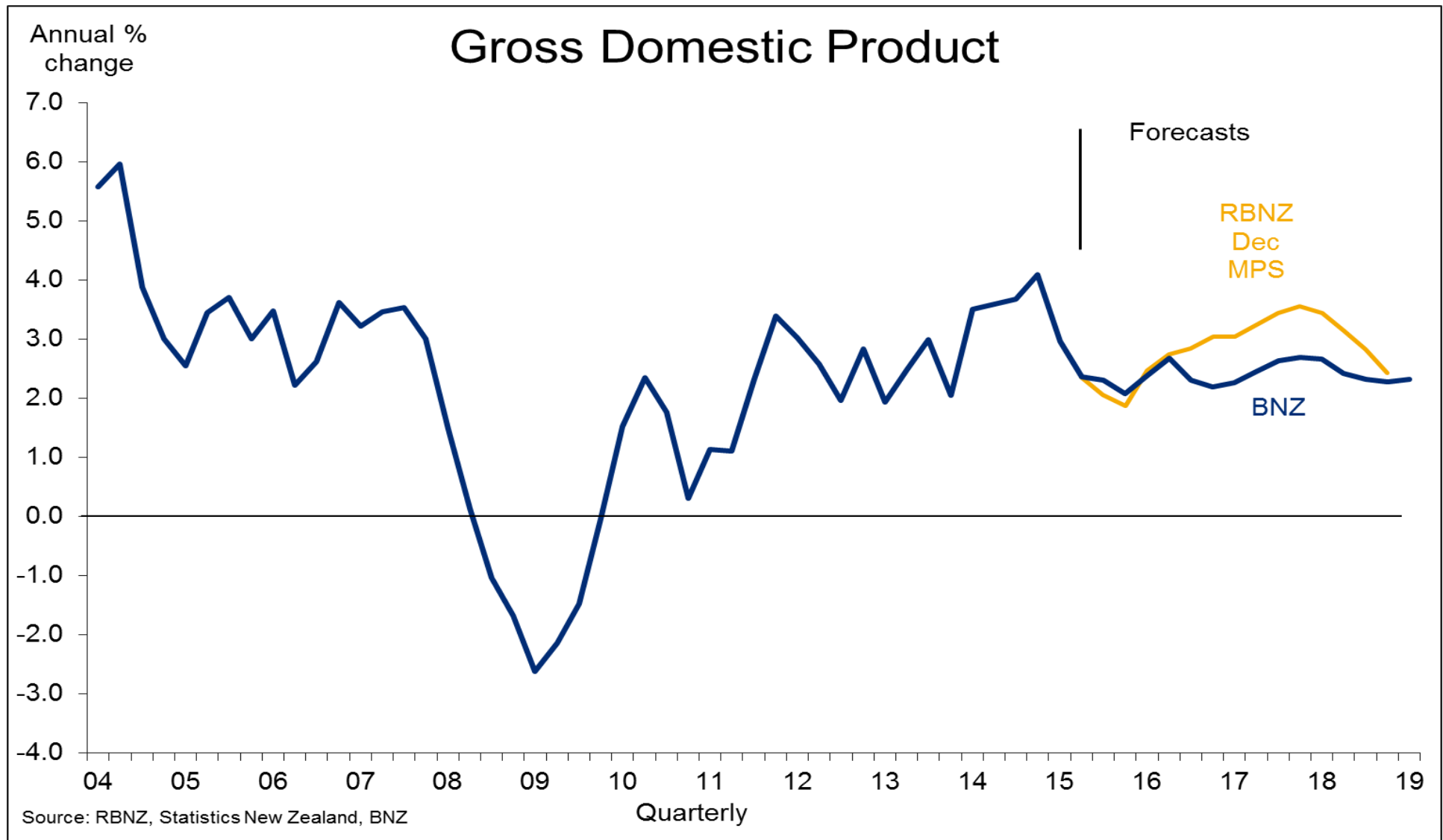
No GFC

- *DM bank claims on EM = 21% of total cf 10% in 2005*
- *But < 5% of DM bank assets*
- *Bank balance sheets healthy*
- *China can fund itself*

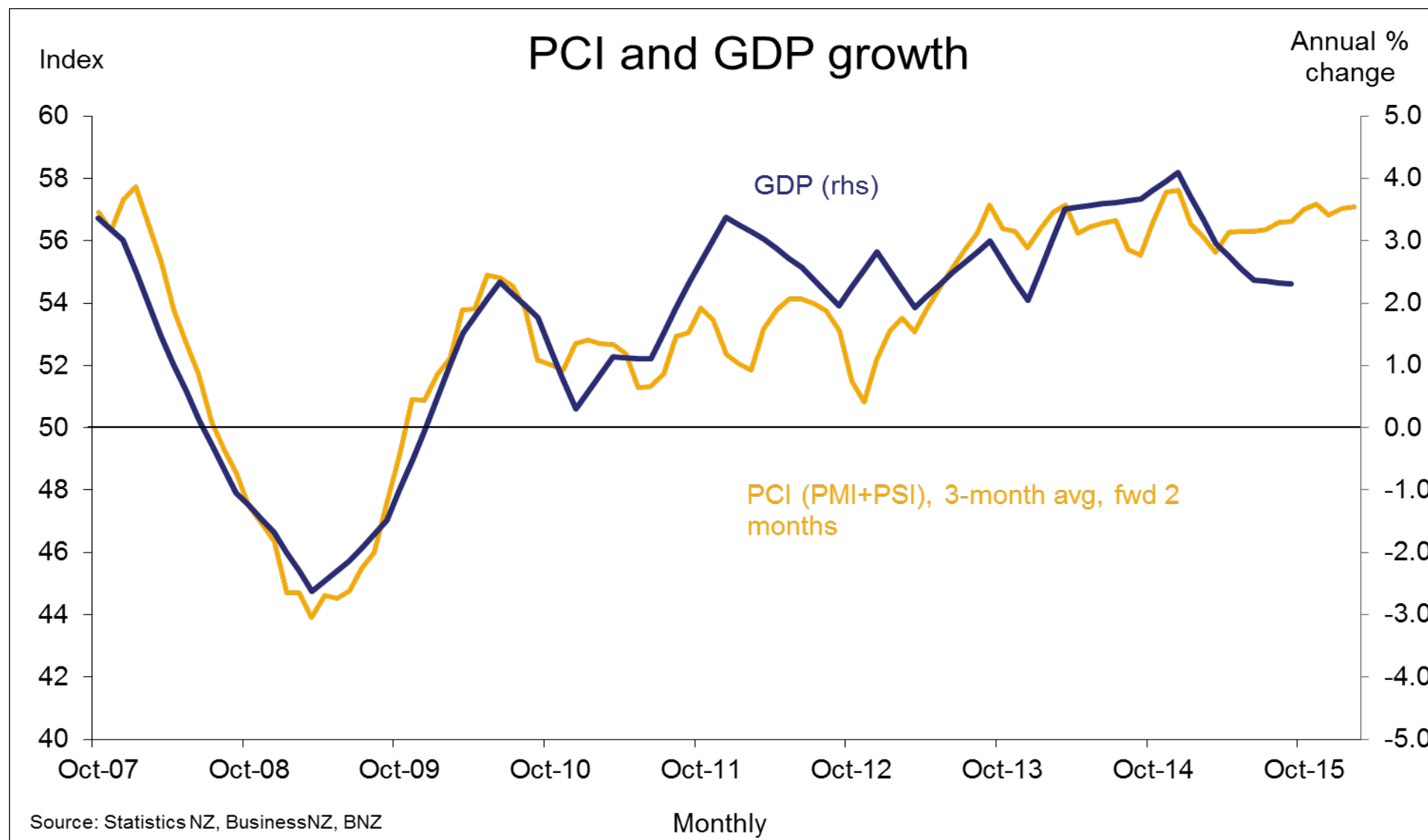
Domestically:

- ***GDP looking strong***
- ***Inflation falling***
- ***RBNZ on hold***

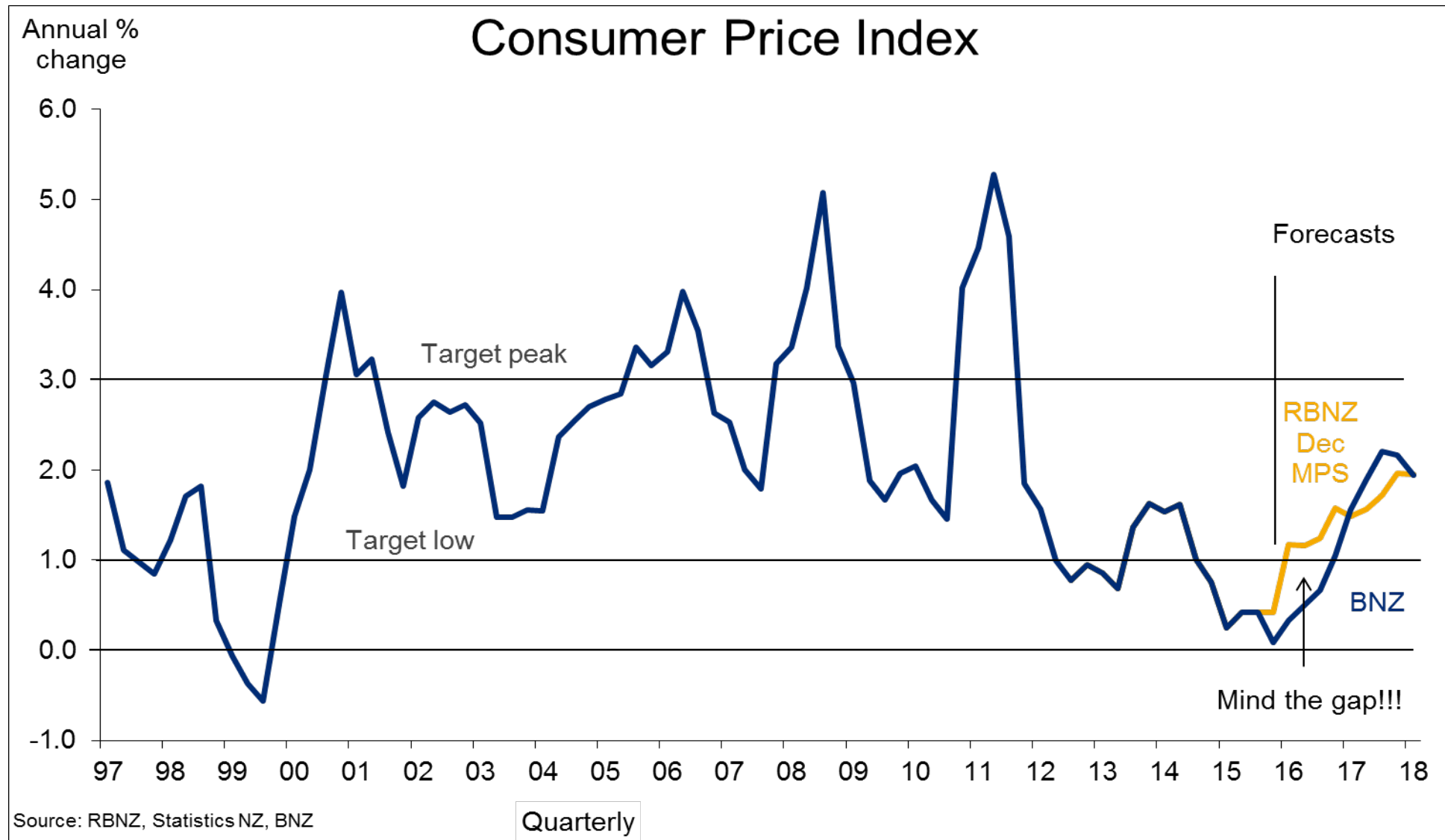
GDP Revised Higher



Leading Indicators Suggest Even More

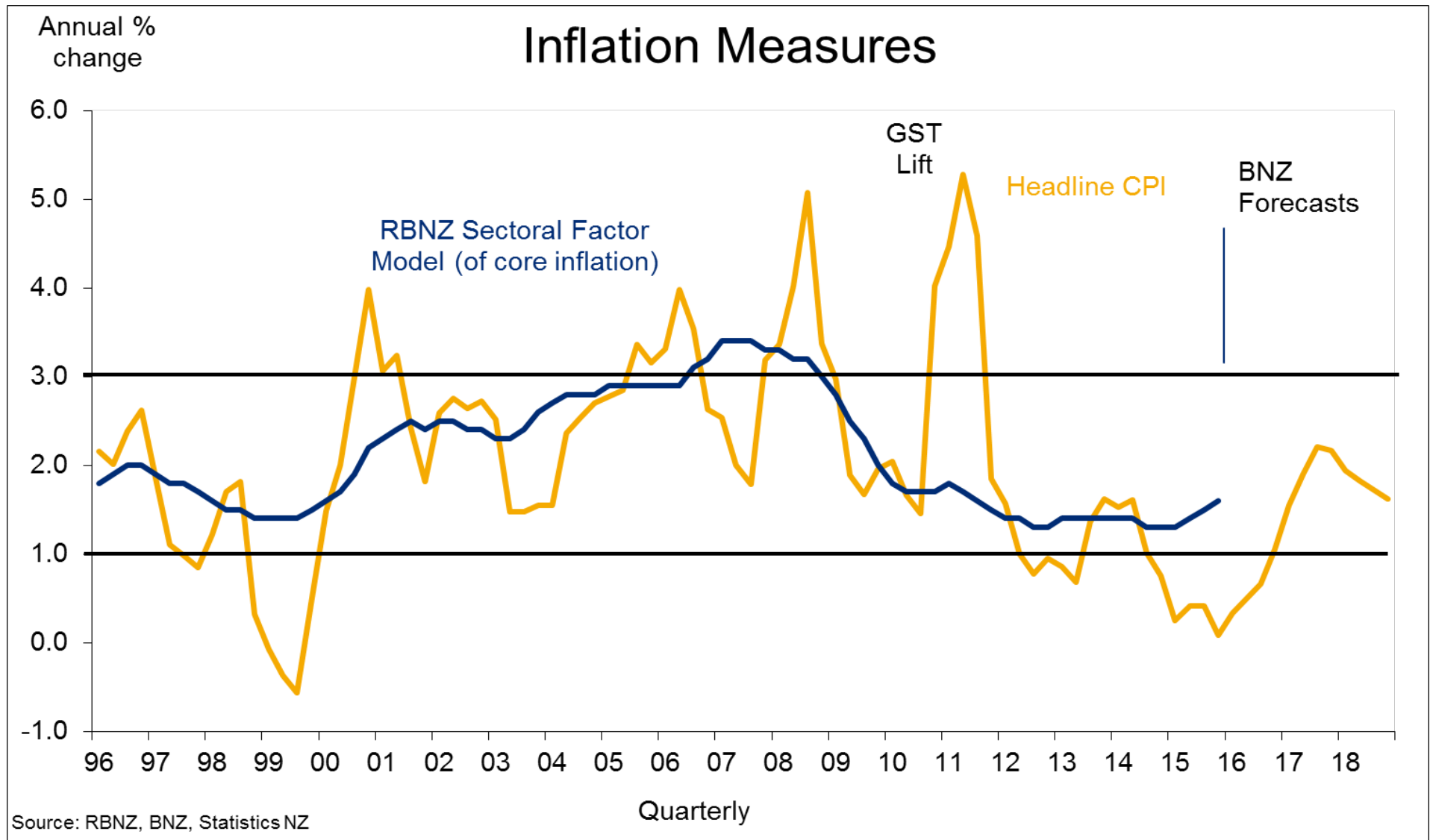


But CPI Revised Lower

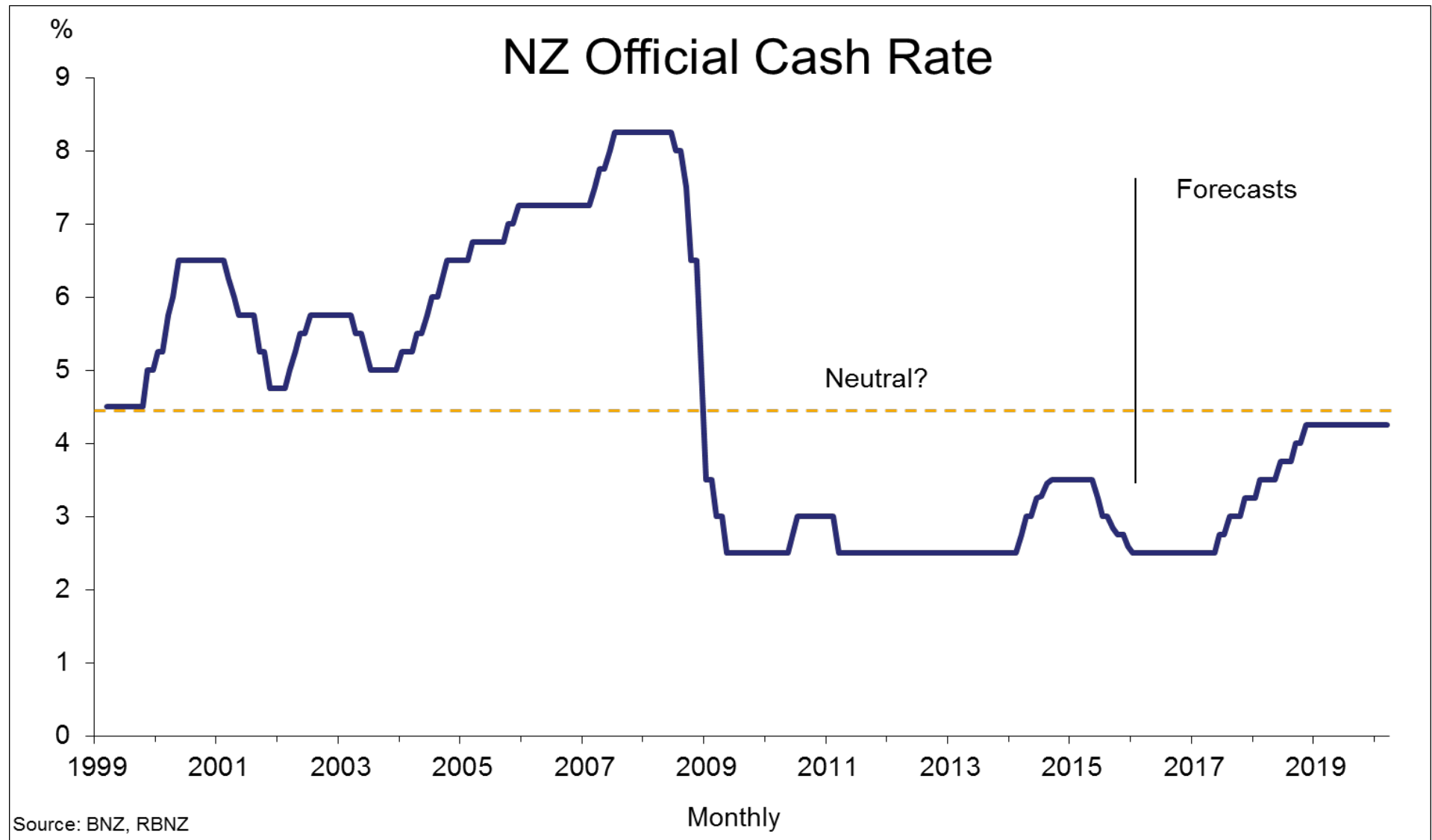


The RBNZ Conundrum

- *Headline Inflation too low*
- *But core OK*
- *Growth robust*
- *Housing excesses spreading*



So



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