

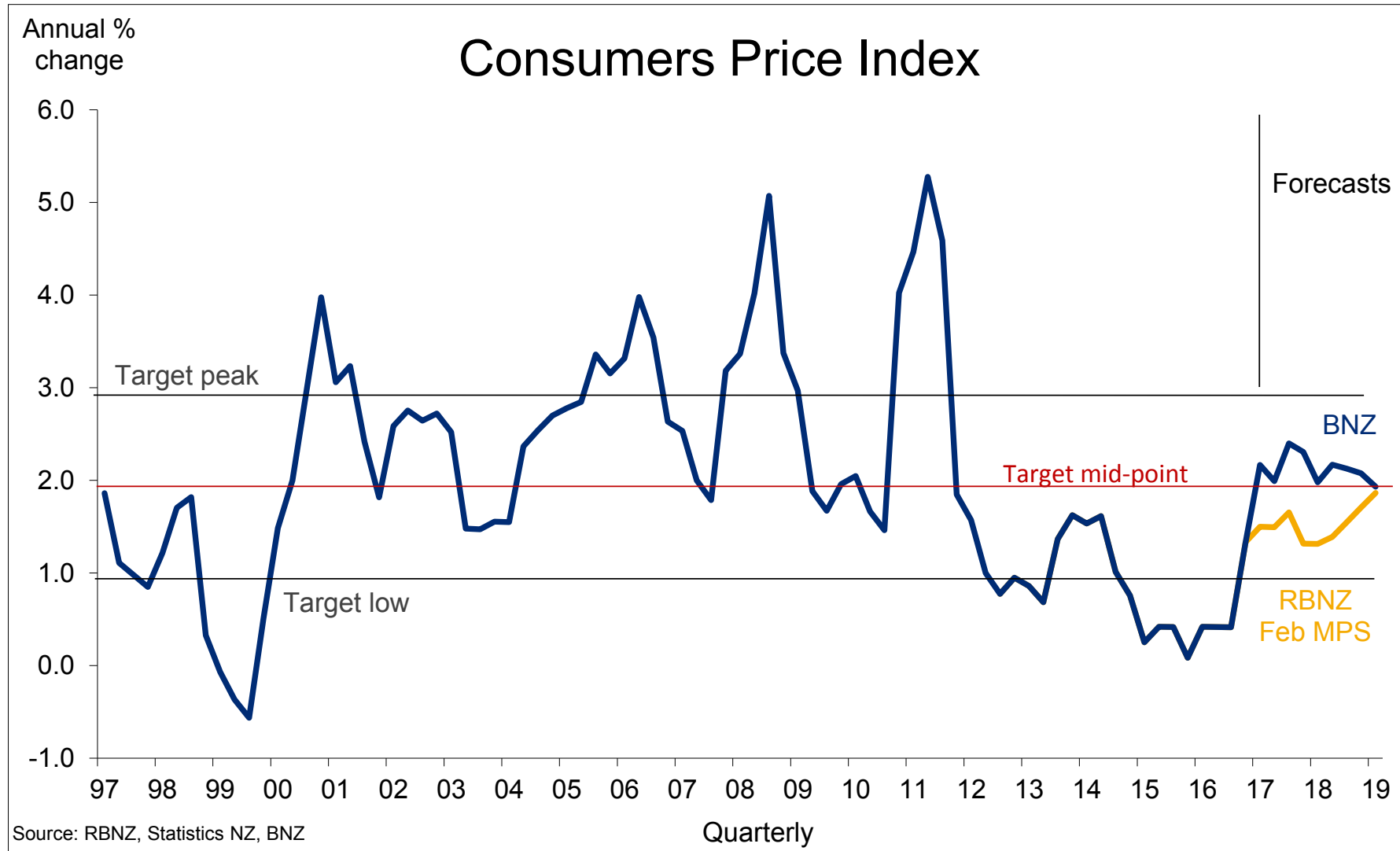


Why the RBNZ Should Tighten

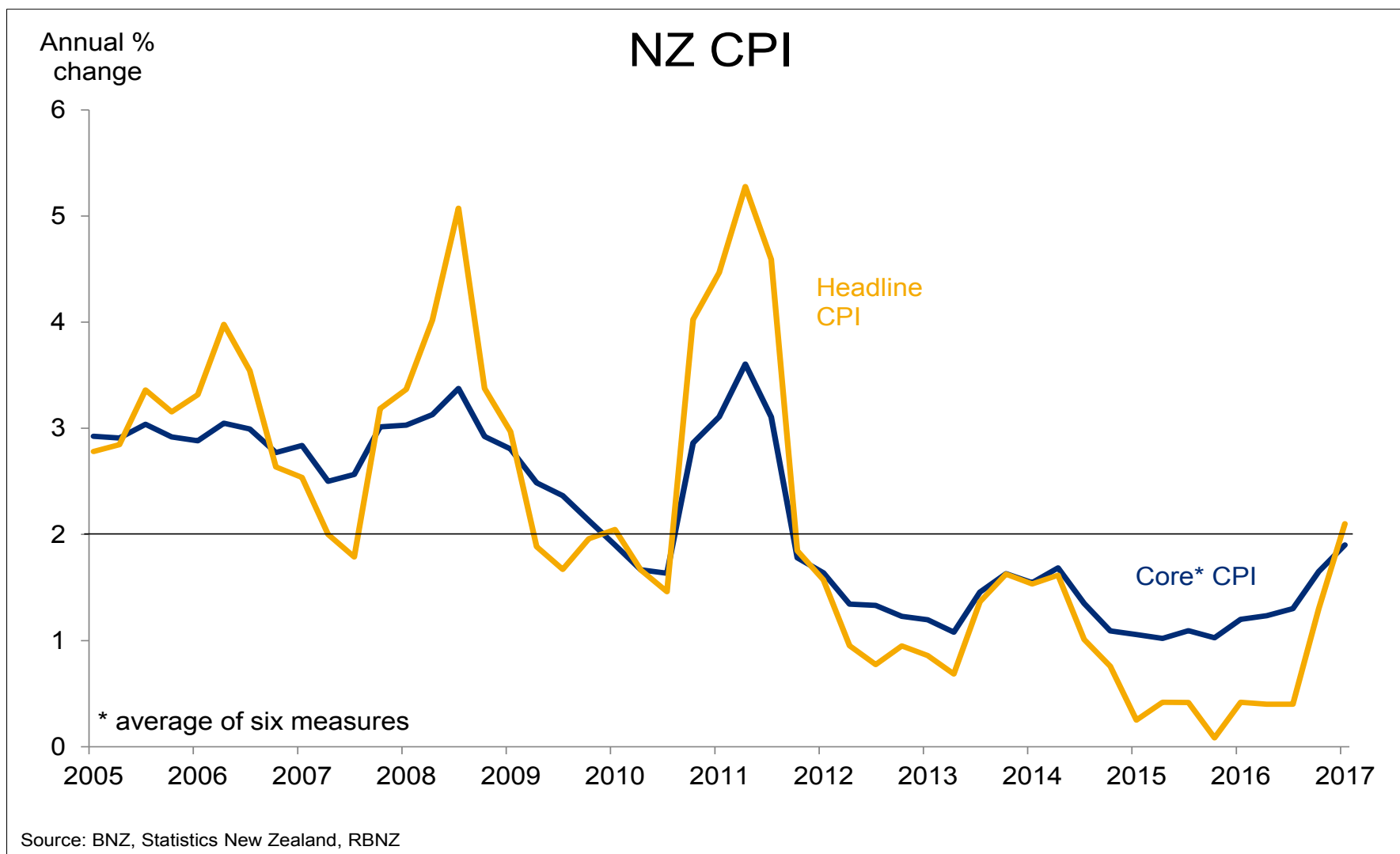
Stephen Toplis – Head of Research

May 2017

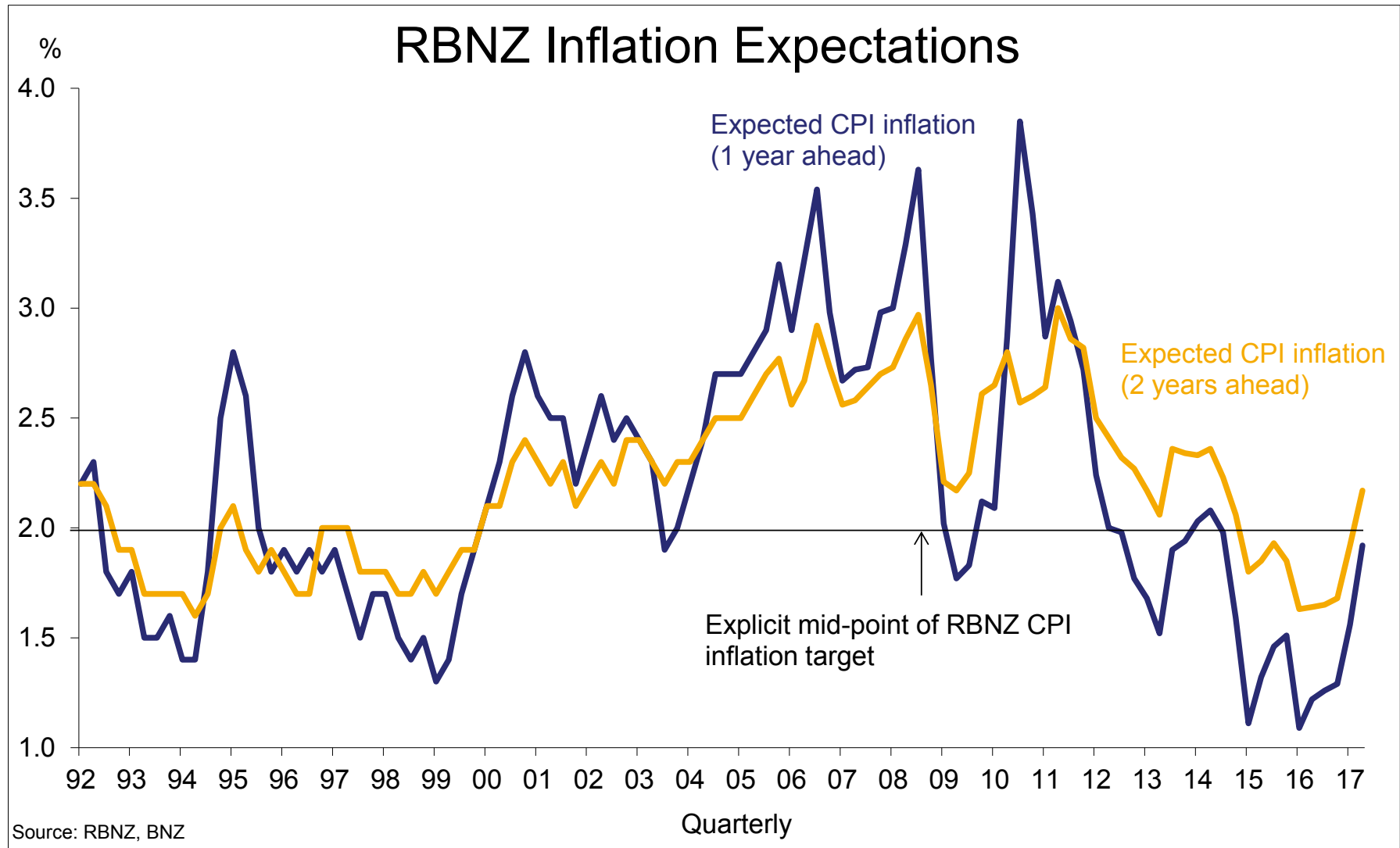
Inflation Has Surprised



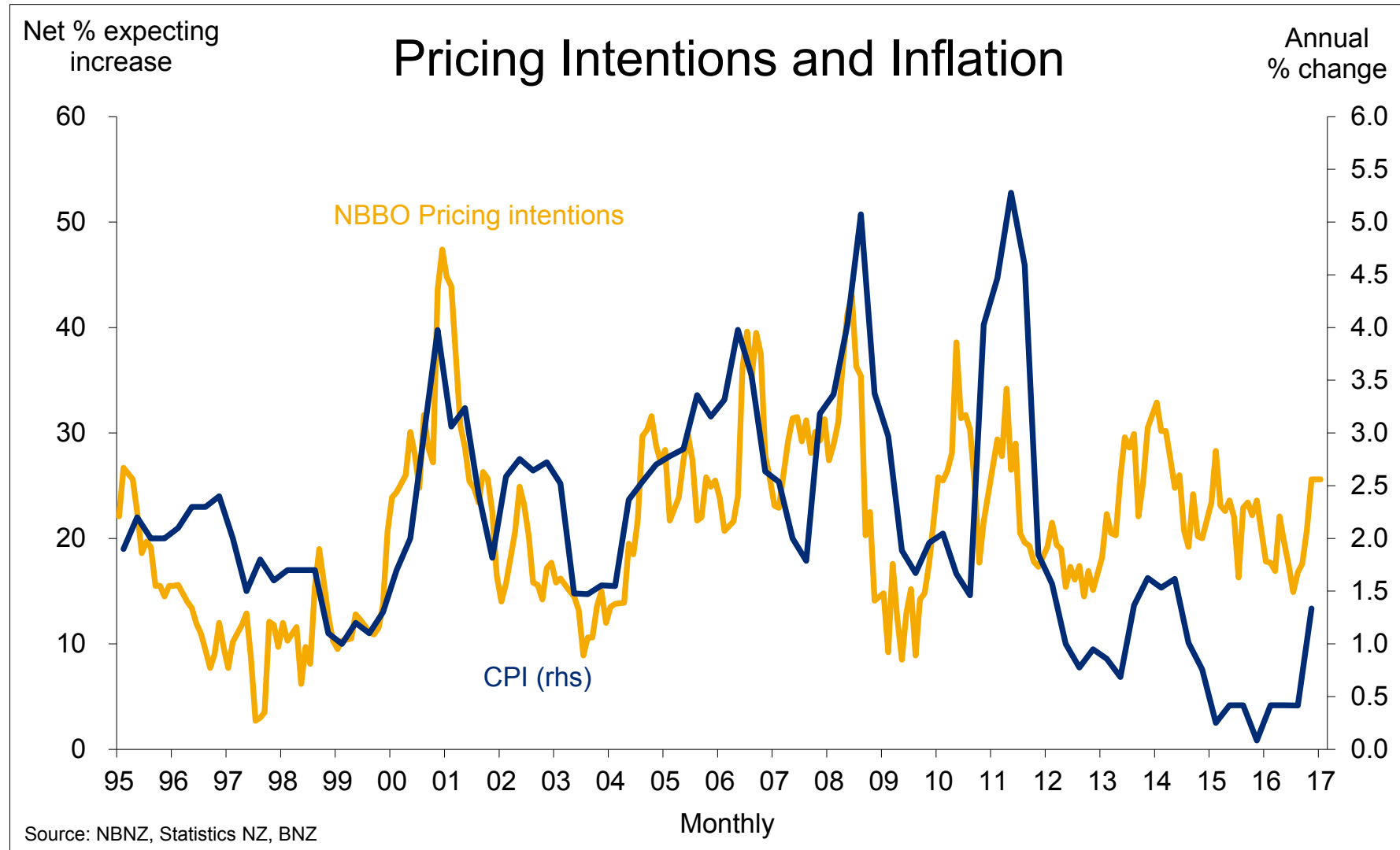
Core Inflation Elevated Too



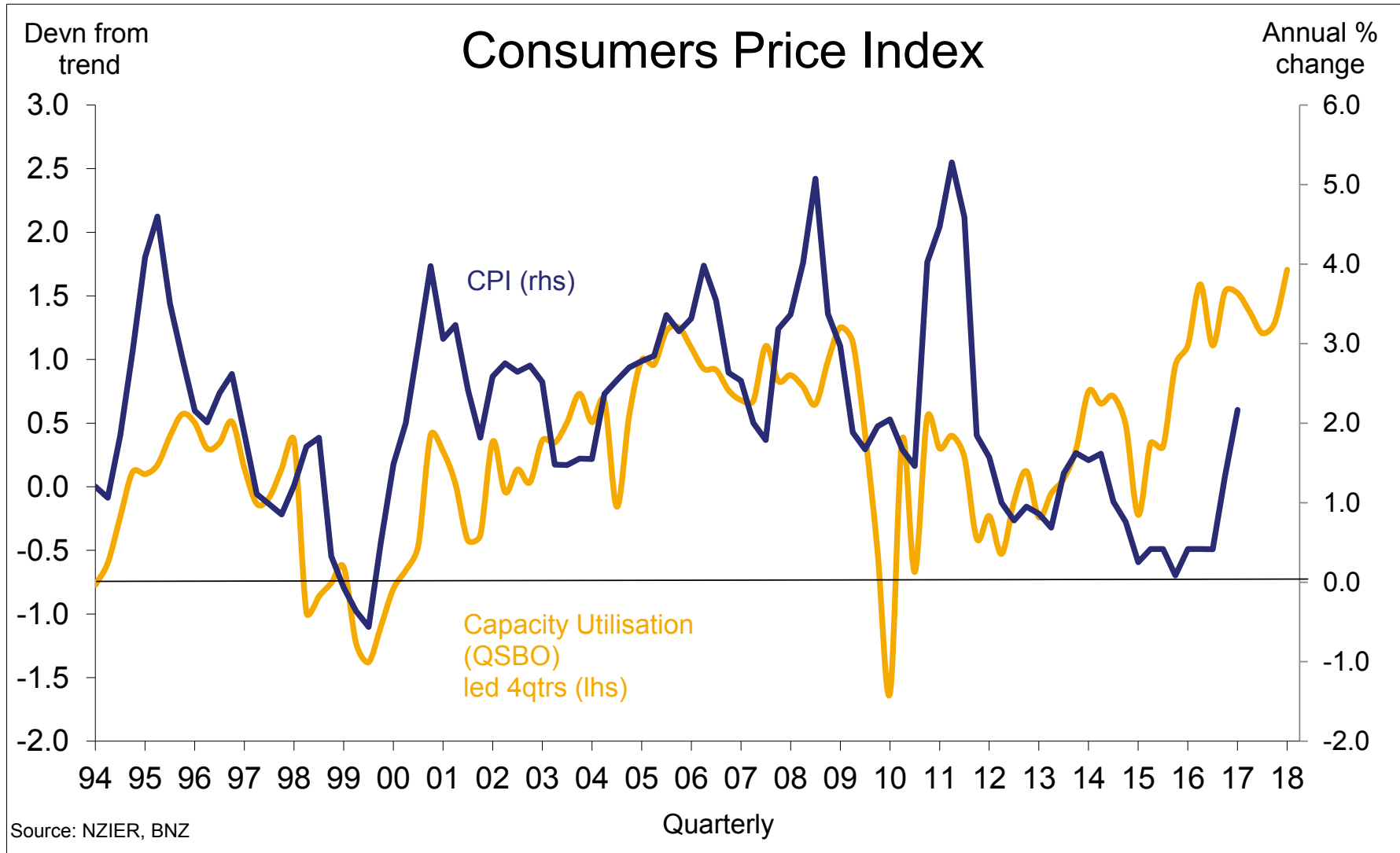
Inflation Expectations Have Jumped



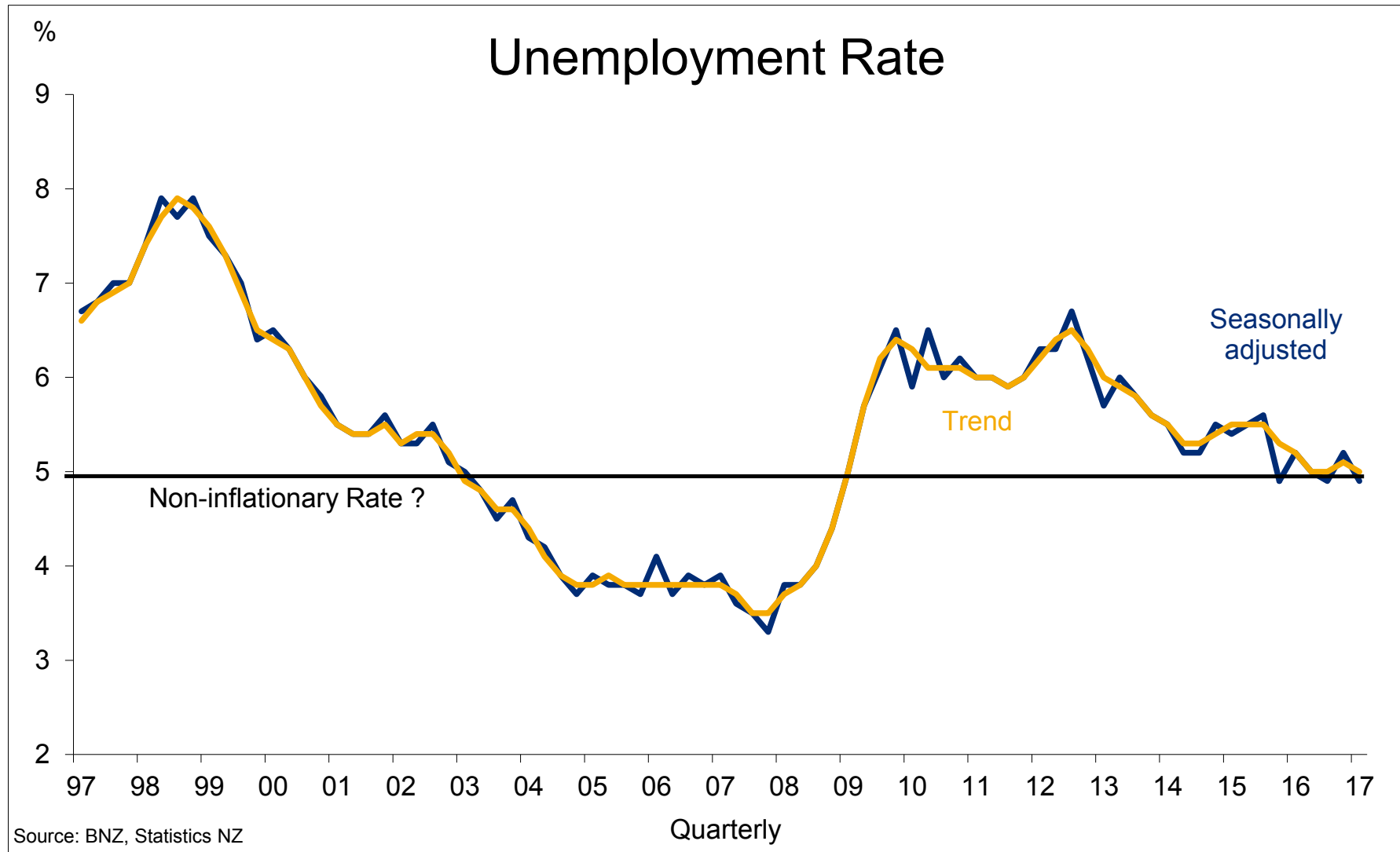
Pricing Intentions Elevated



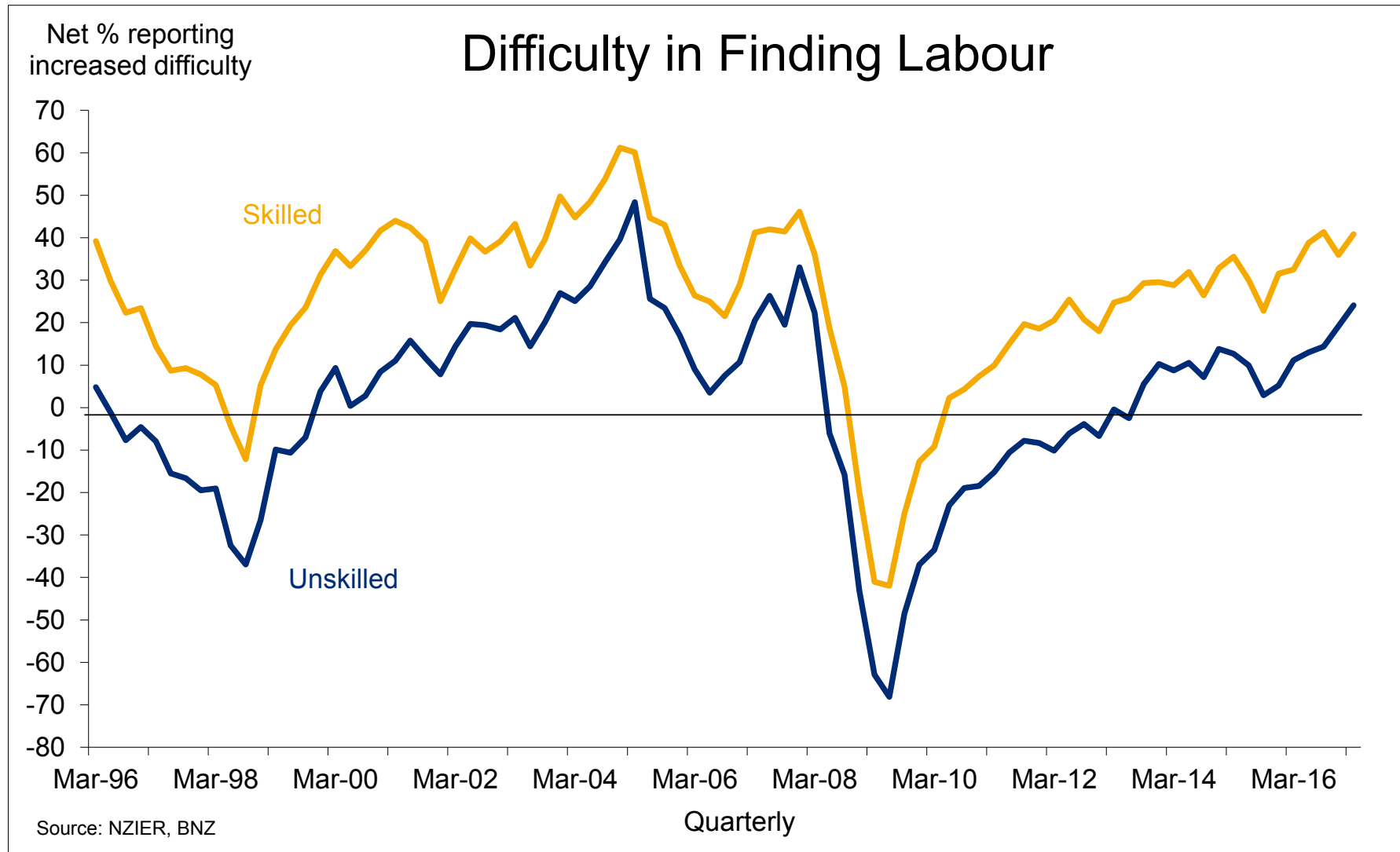
Capacity Pressures Intensifying



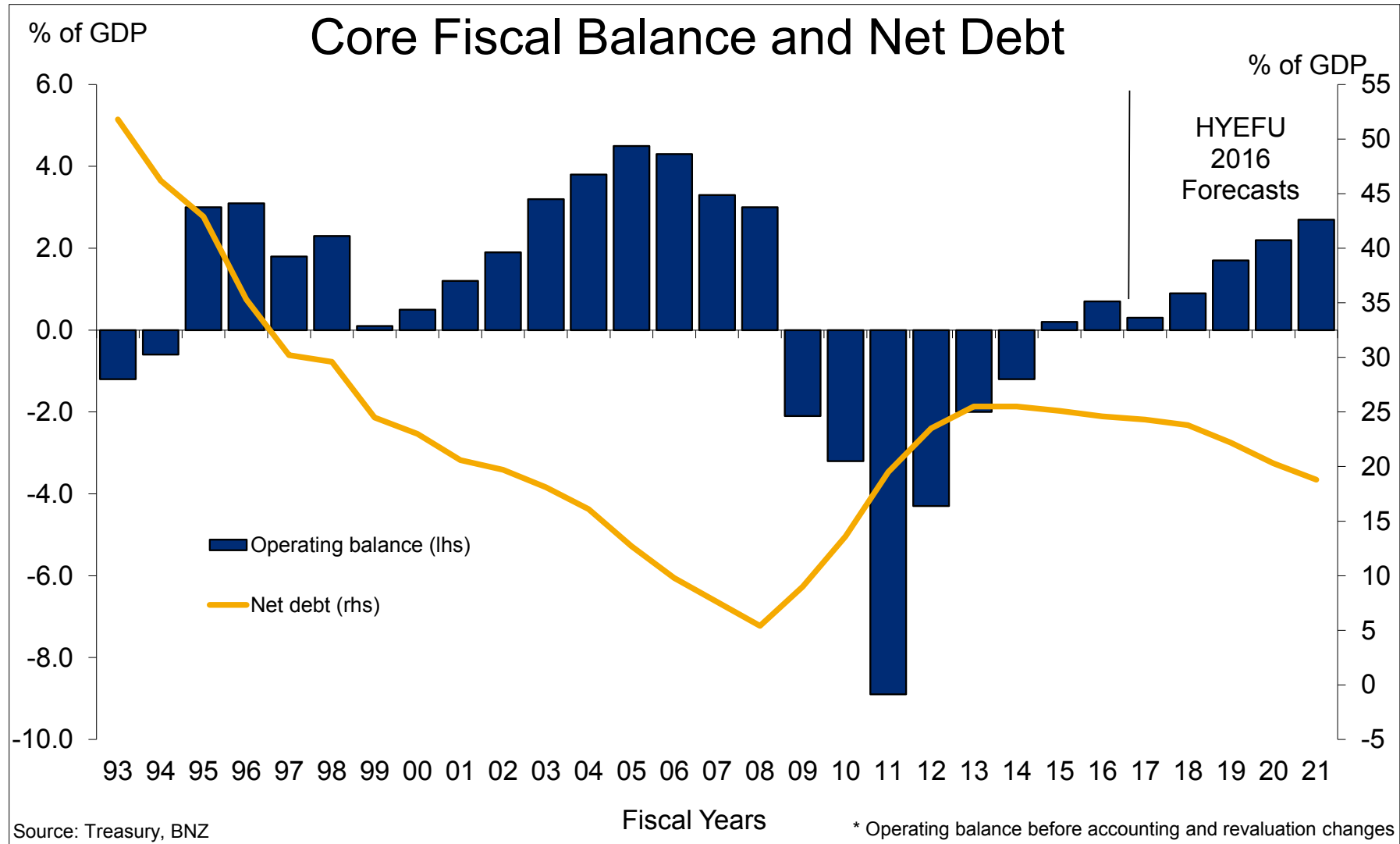
Unemployment Low



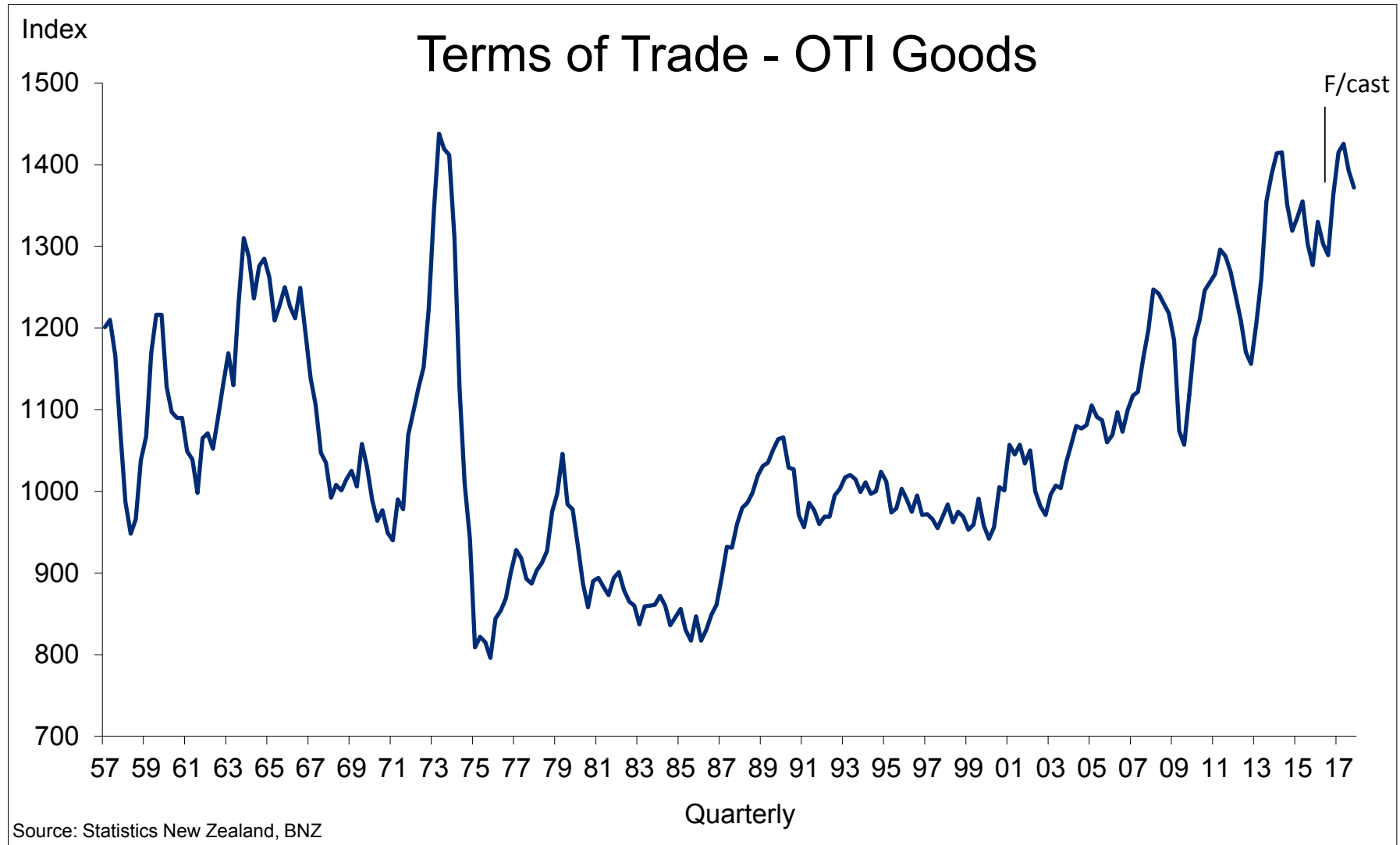
Labour Shortages Intensify



Fiscal Easing On Its Way



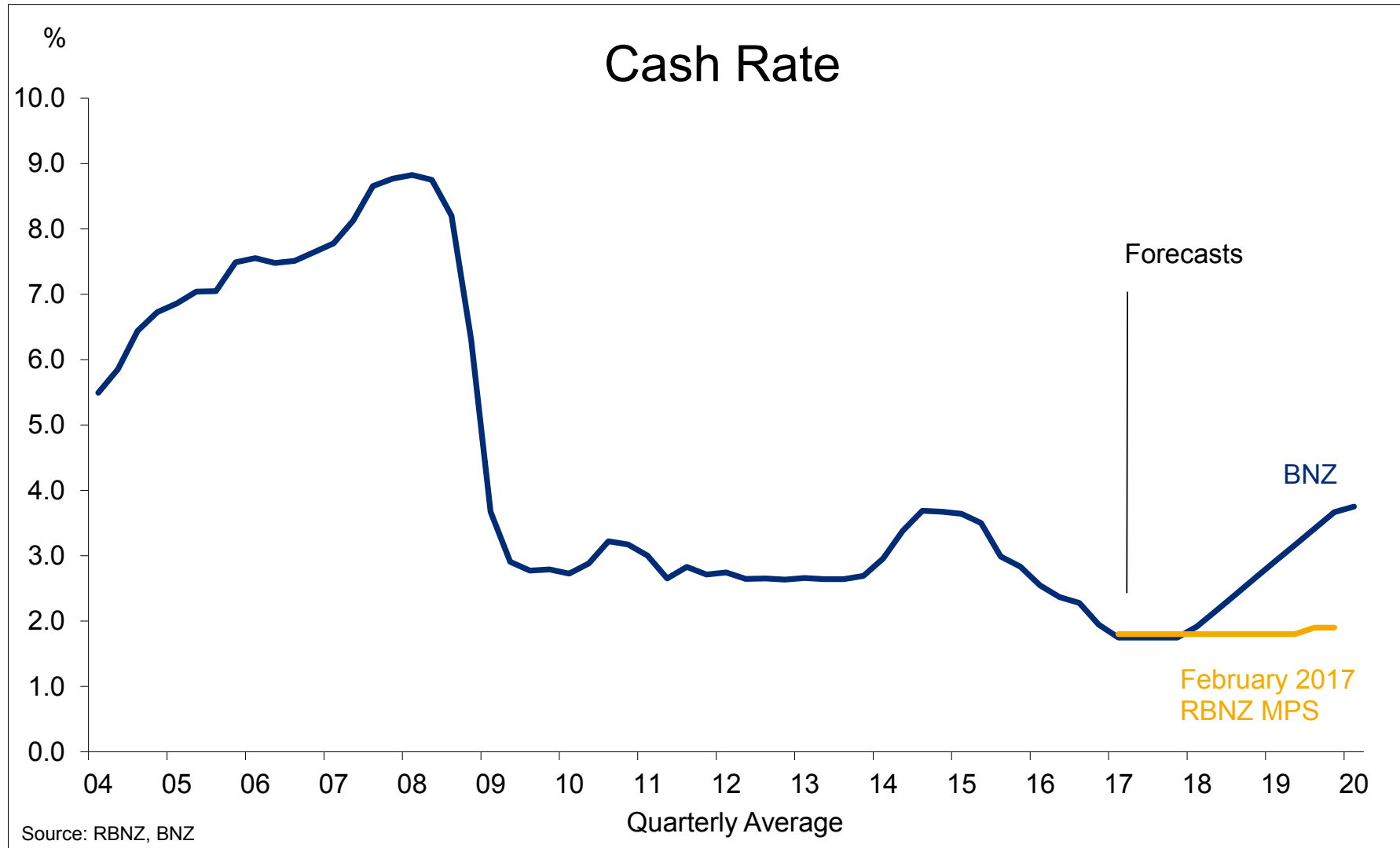
Near-Record High Terms Of Trade



Why They Won't

- Global uncertainty
- Heightened lending rates
- Tighter credit conditions
- Moderating housing market
- Limited wage inflation
- Because they said they won't

The Way Ahead



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