

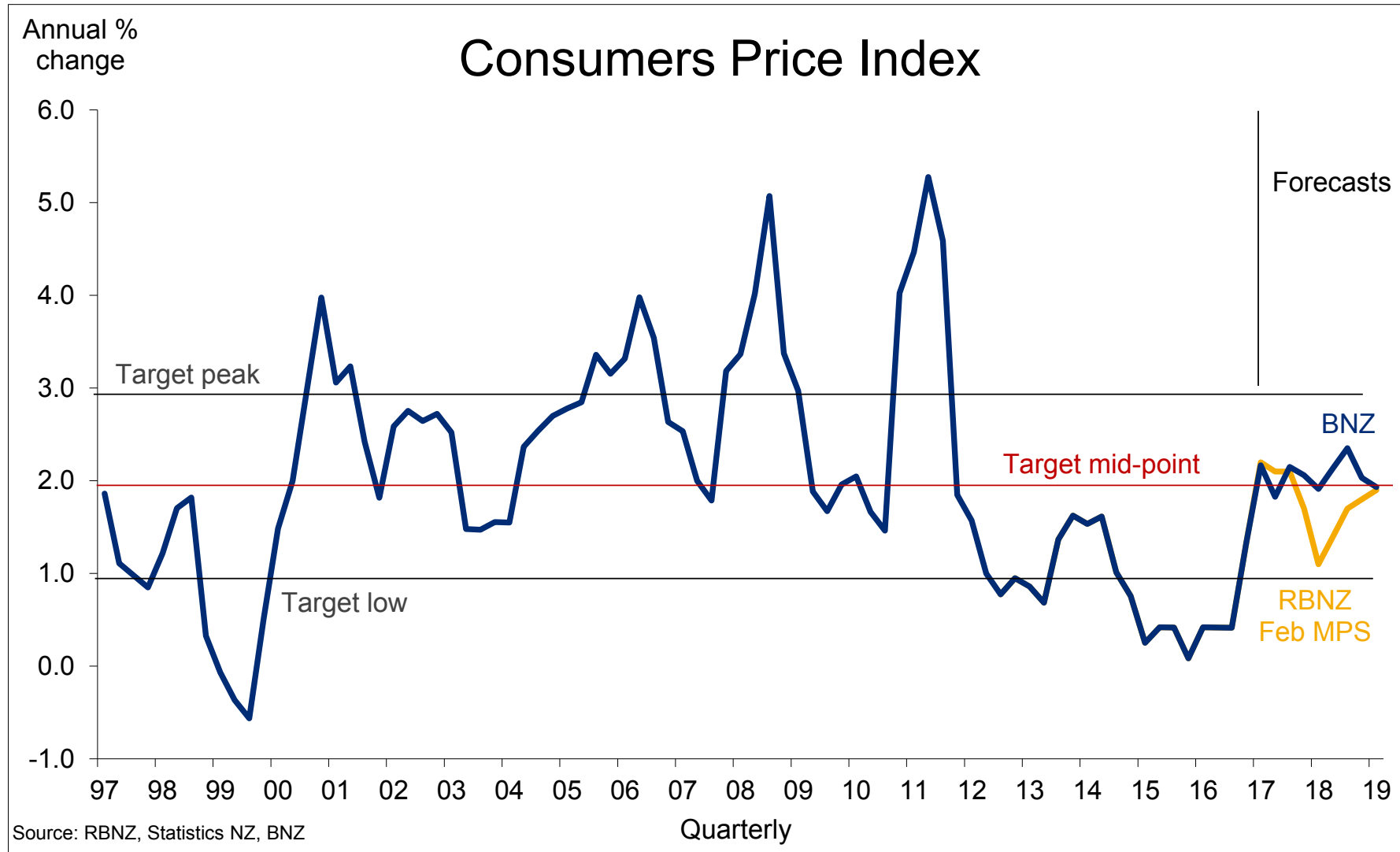


# RBNZ In Denial

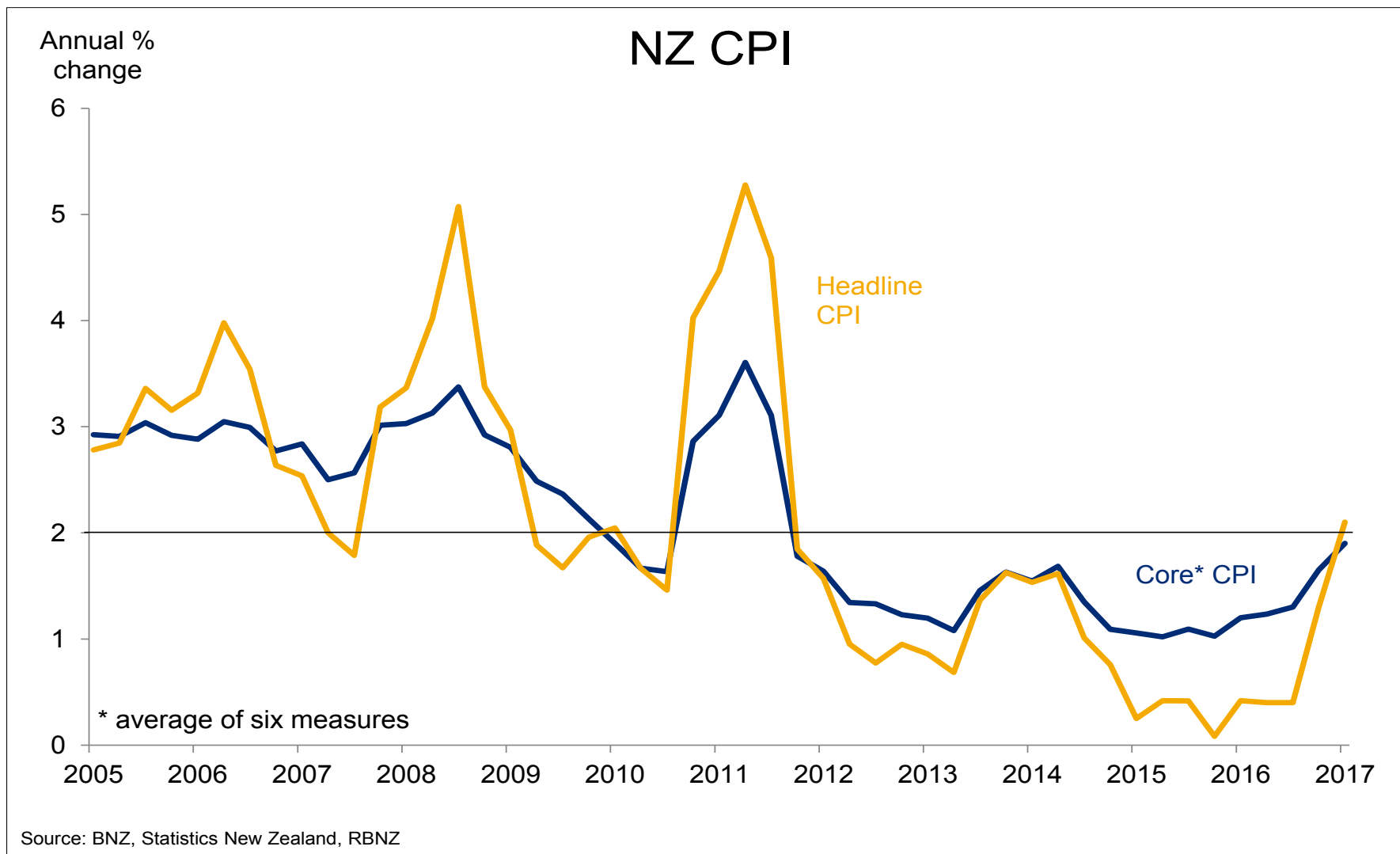
Stephen Toplis – Head of Research

May 2017

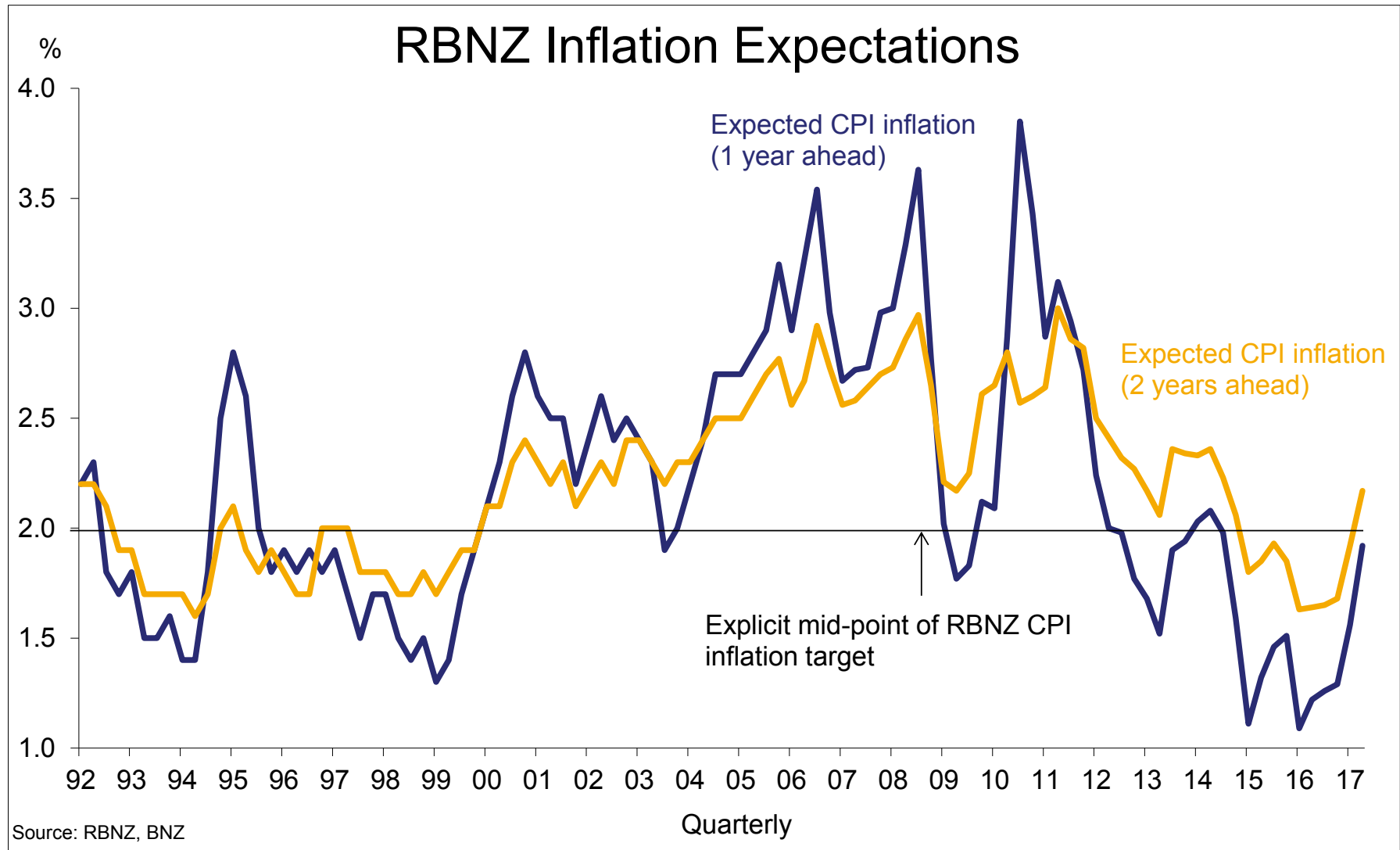
# Inflation Has Surprised



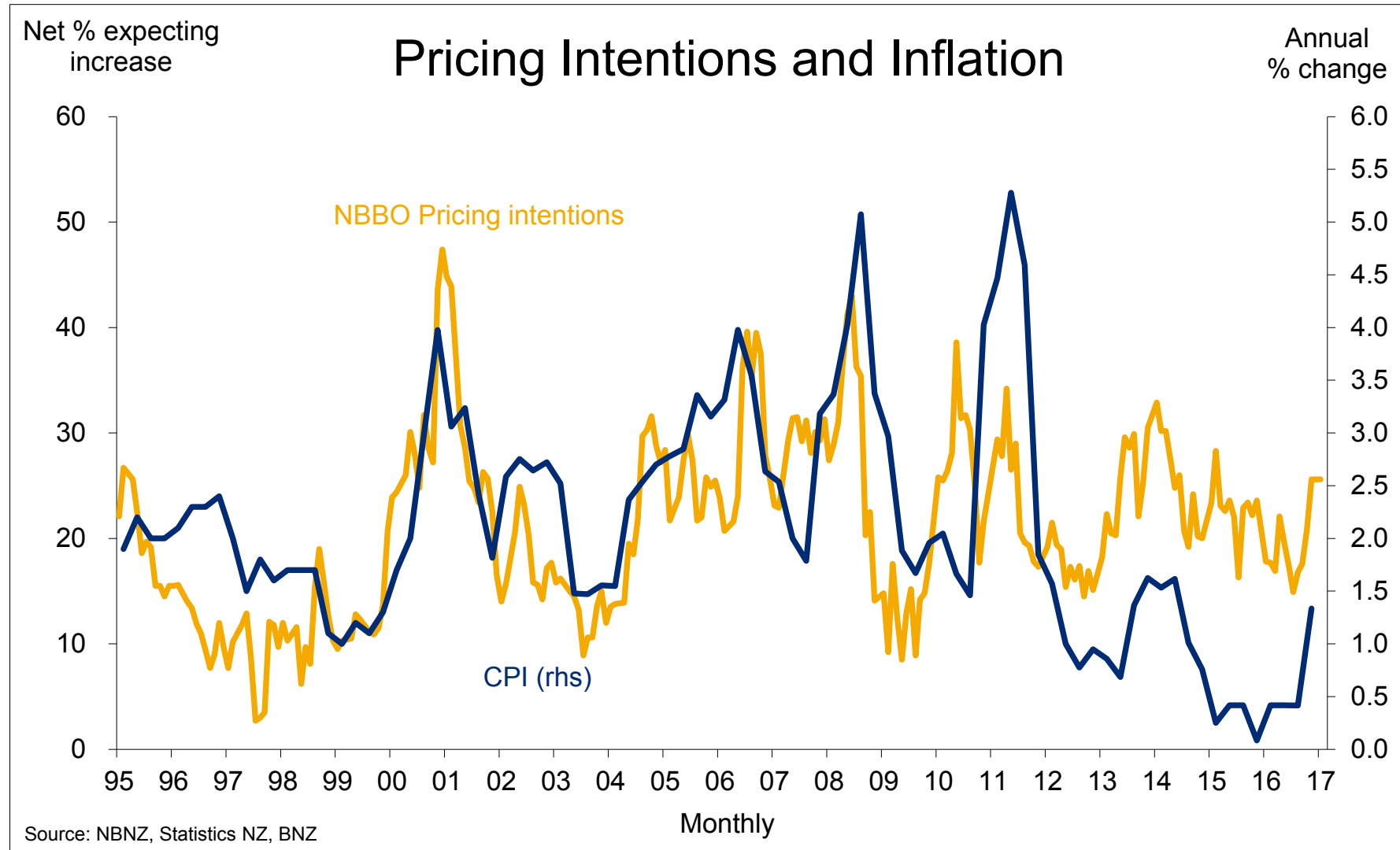
# Core Inflation Elevated Too



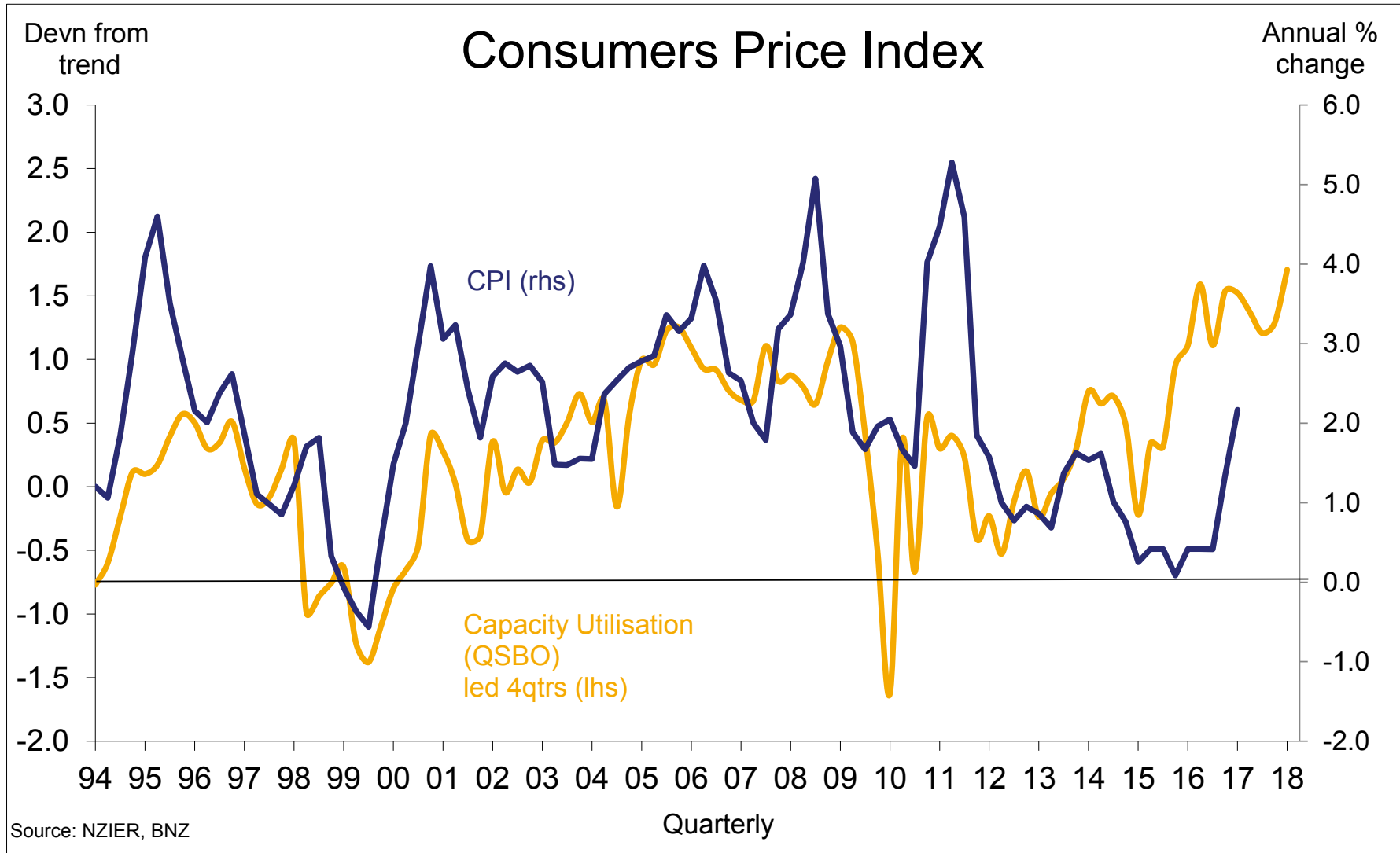
# Inflation Expectations Have Jumped



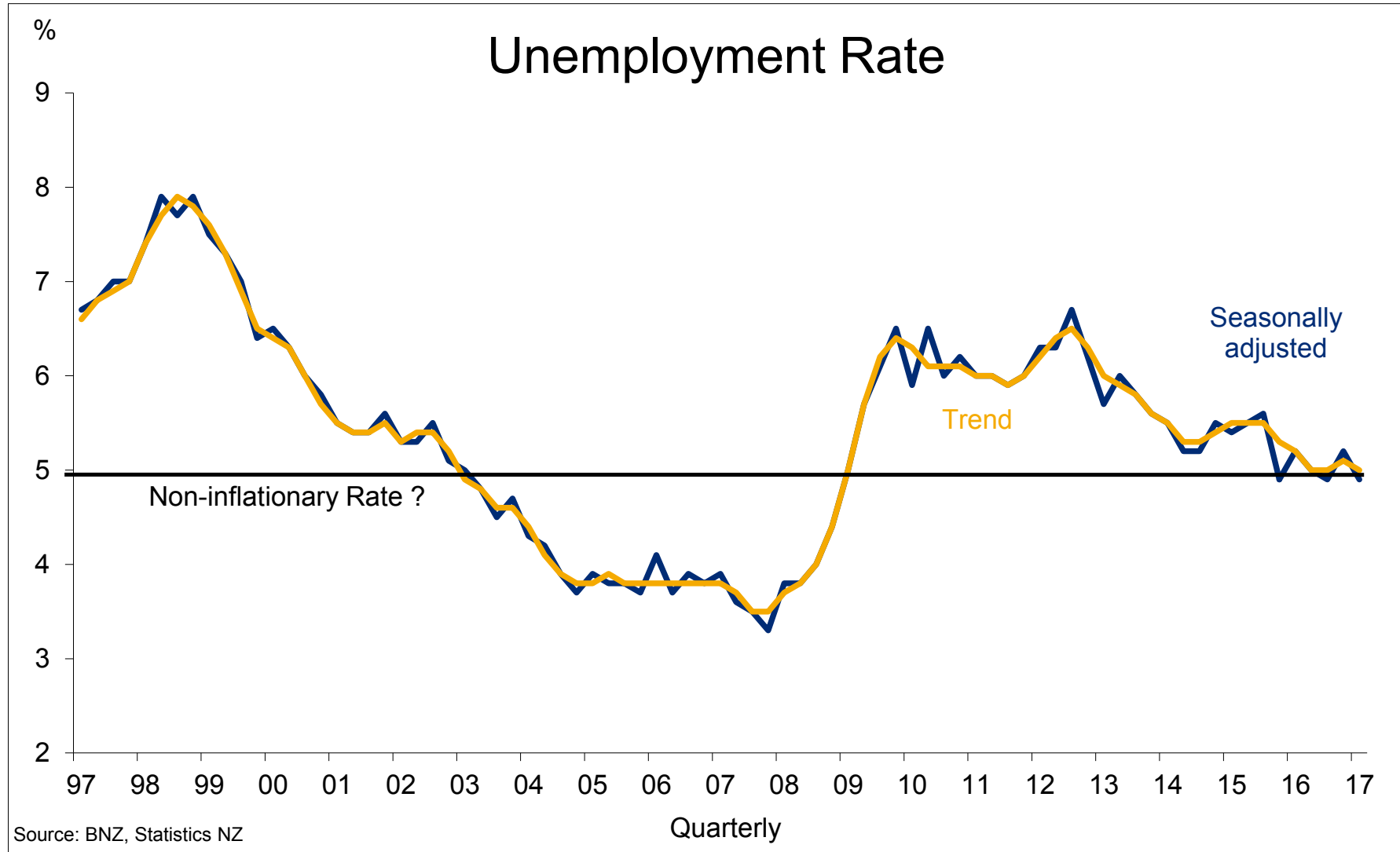
# Pricing Intentions Elevated



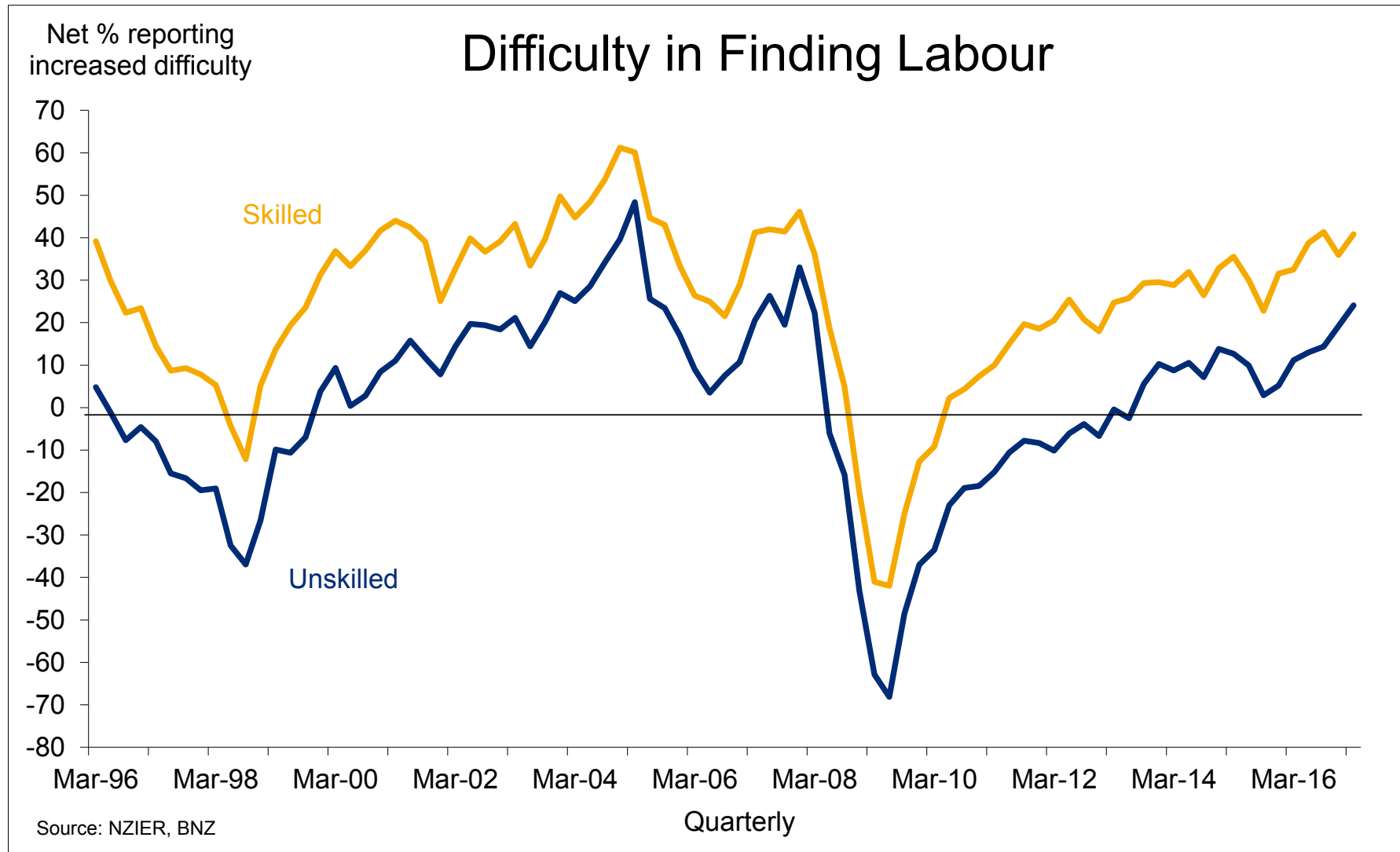
# Capacity Pressures Intensifying



# Unemployment Low

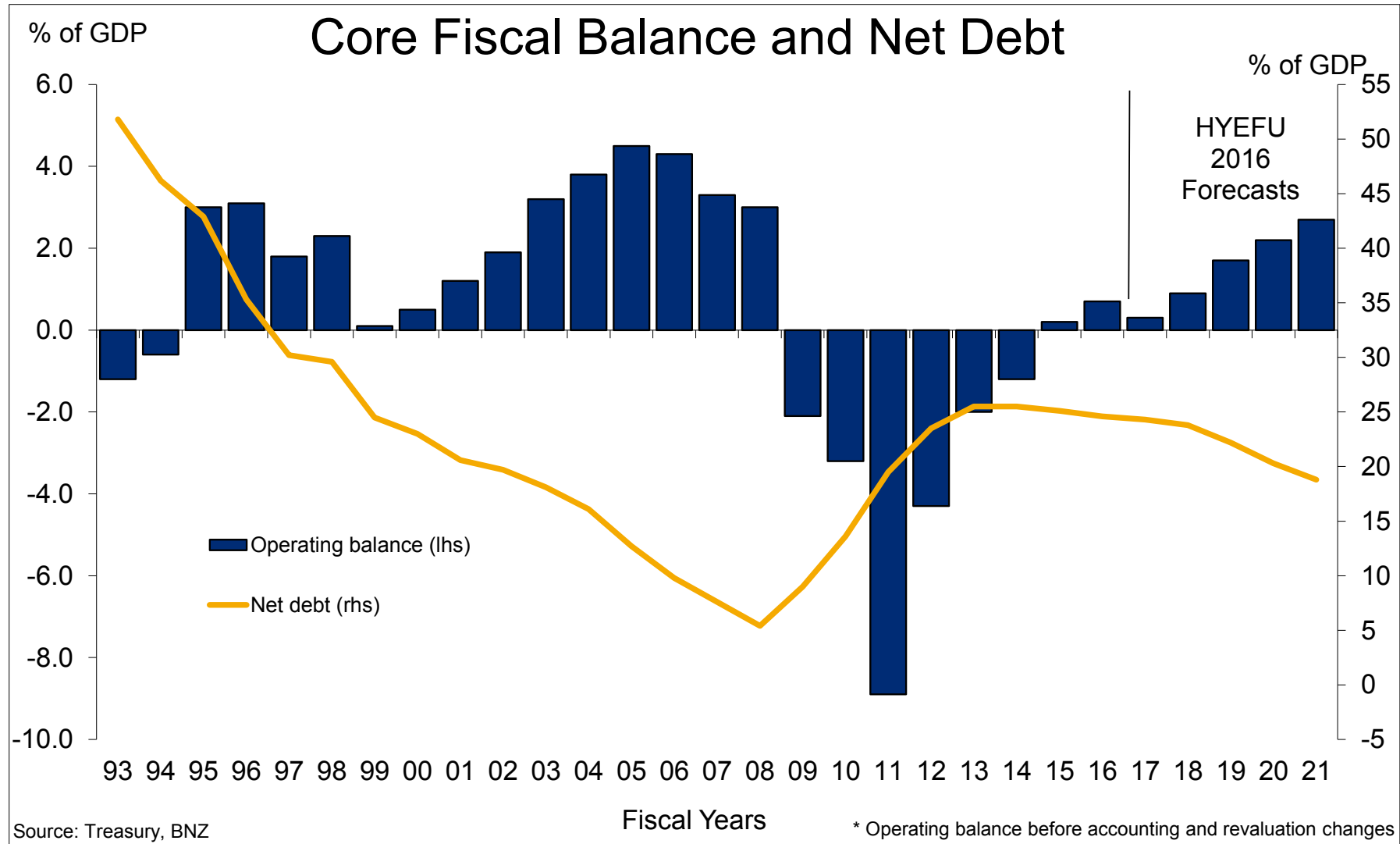


# Labour Shortages Intensify

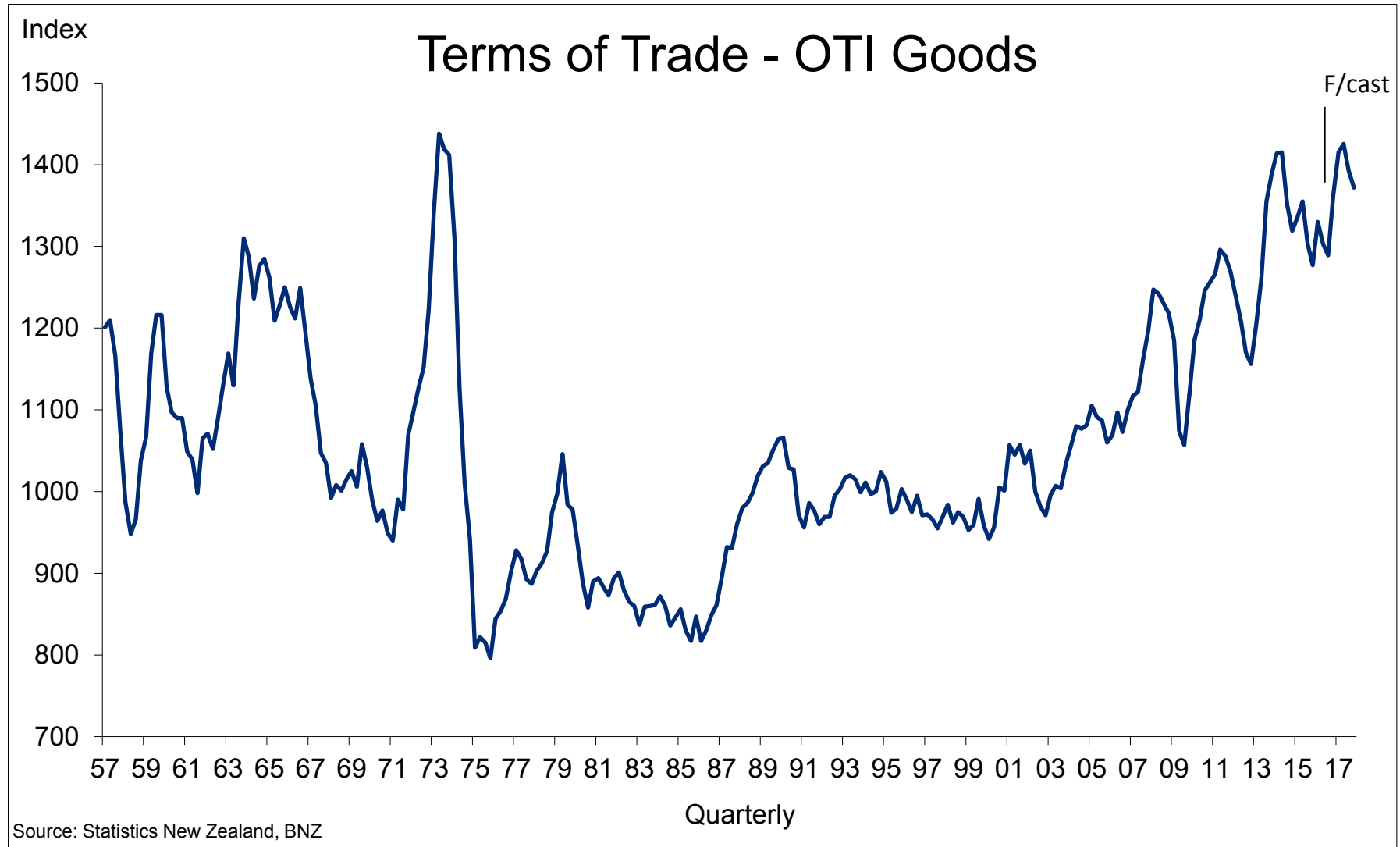




# Fiscal Easing On Its Way



# Near-Record High Terms Of Trade

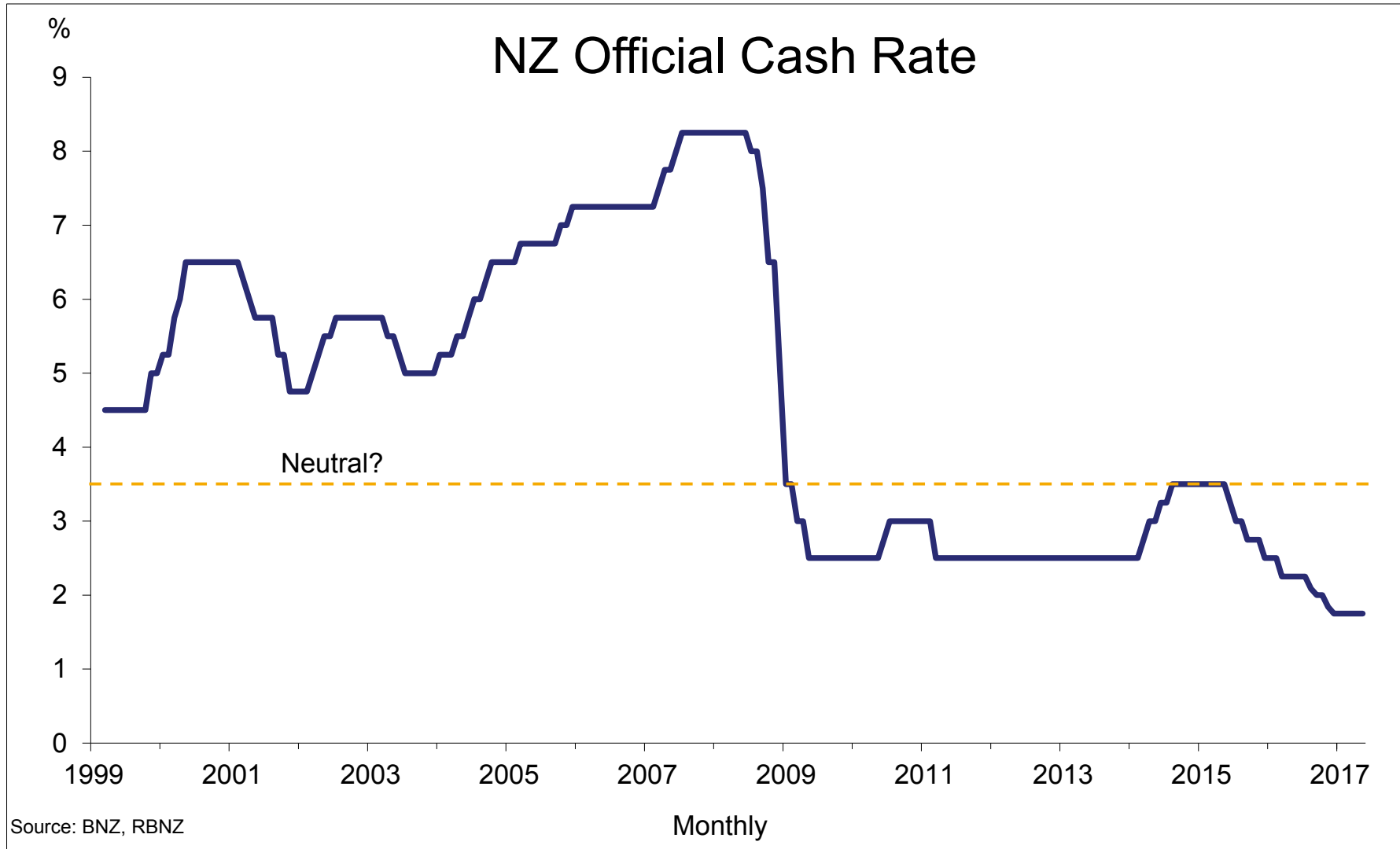


# But RBNZ Sees

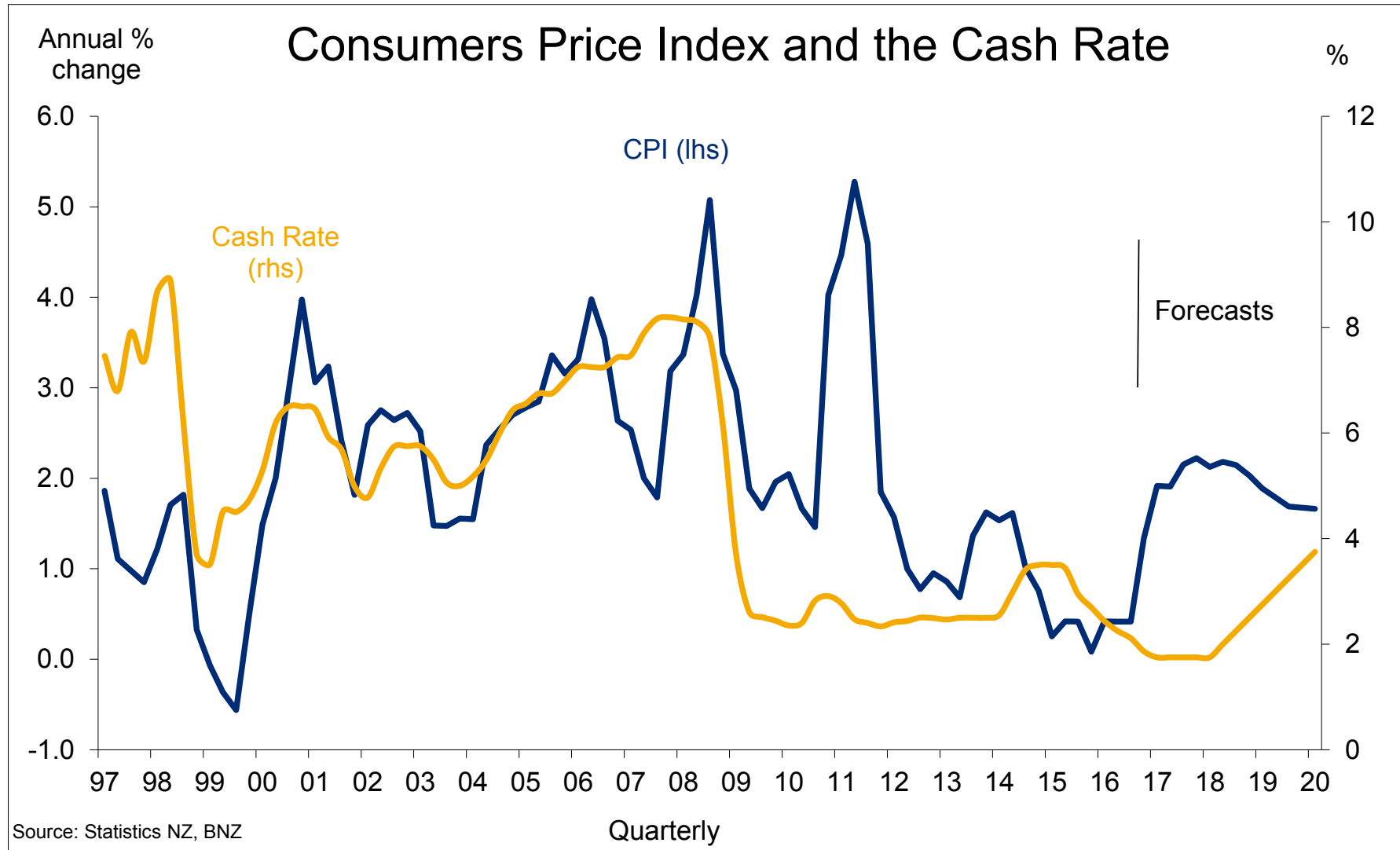
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- Global uncertainty
- Heightened lending rates
- Tighter credit conditions
- Moderating housing market
- Limited wage inflation

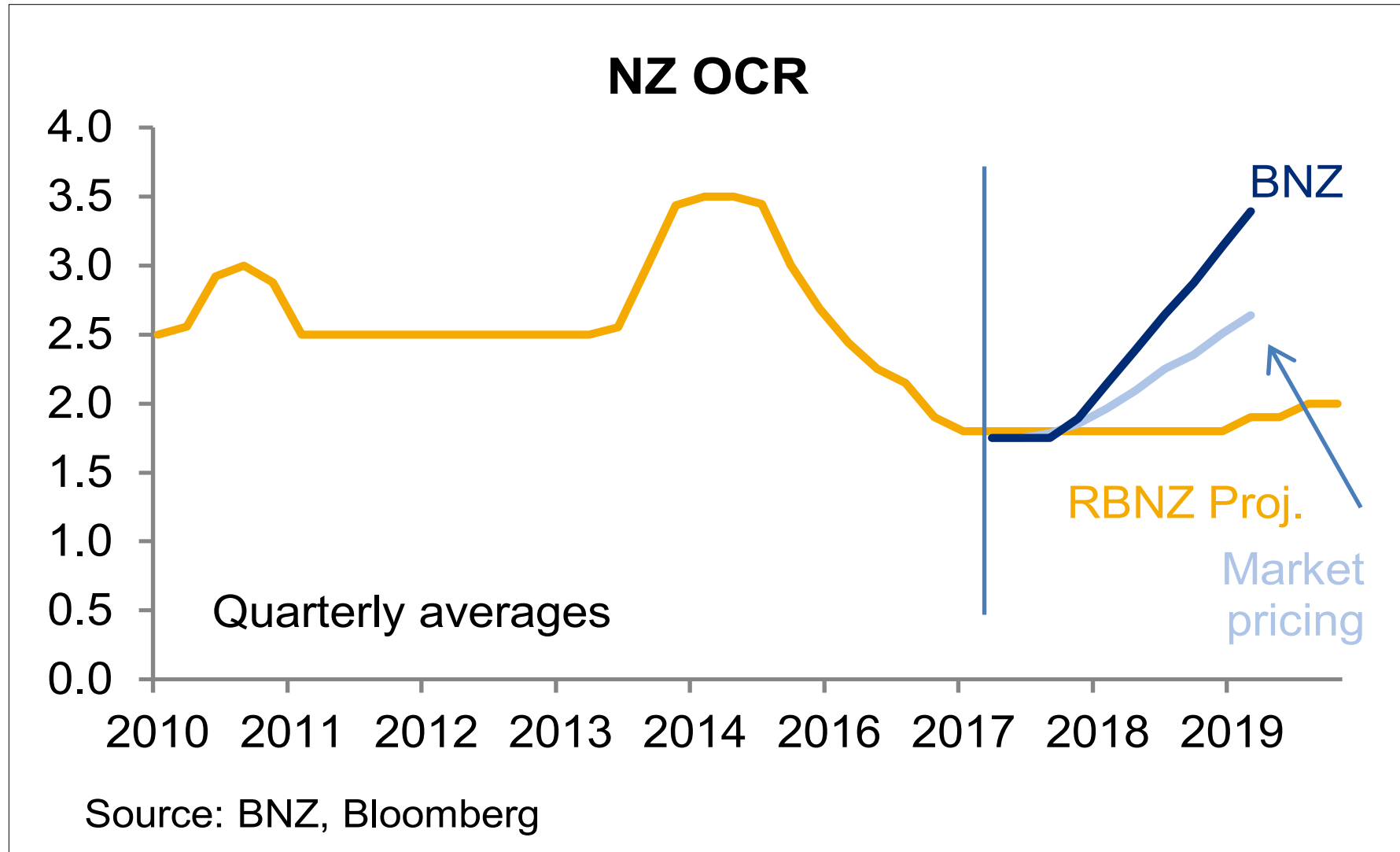
# Is This Degree Of Stimulus Warranted?



# Cash Rate To Rise



# And The Market Knows It



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