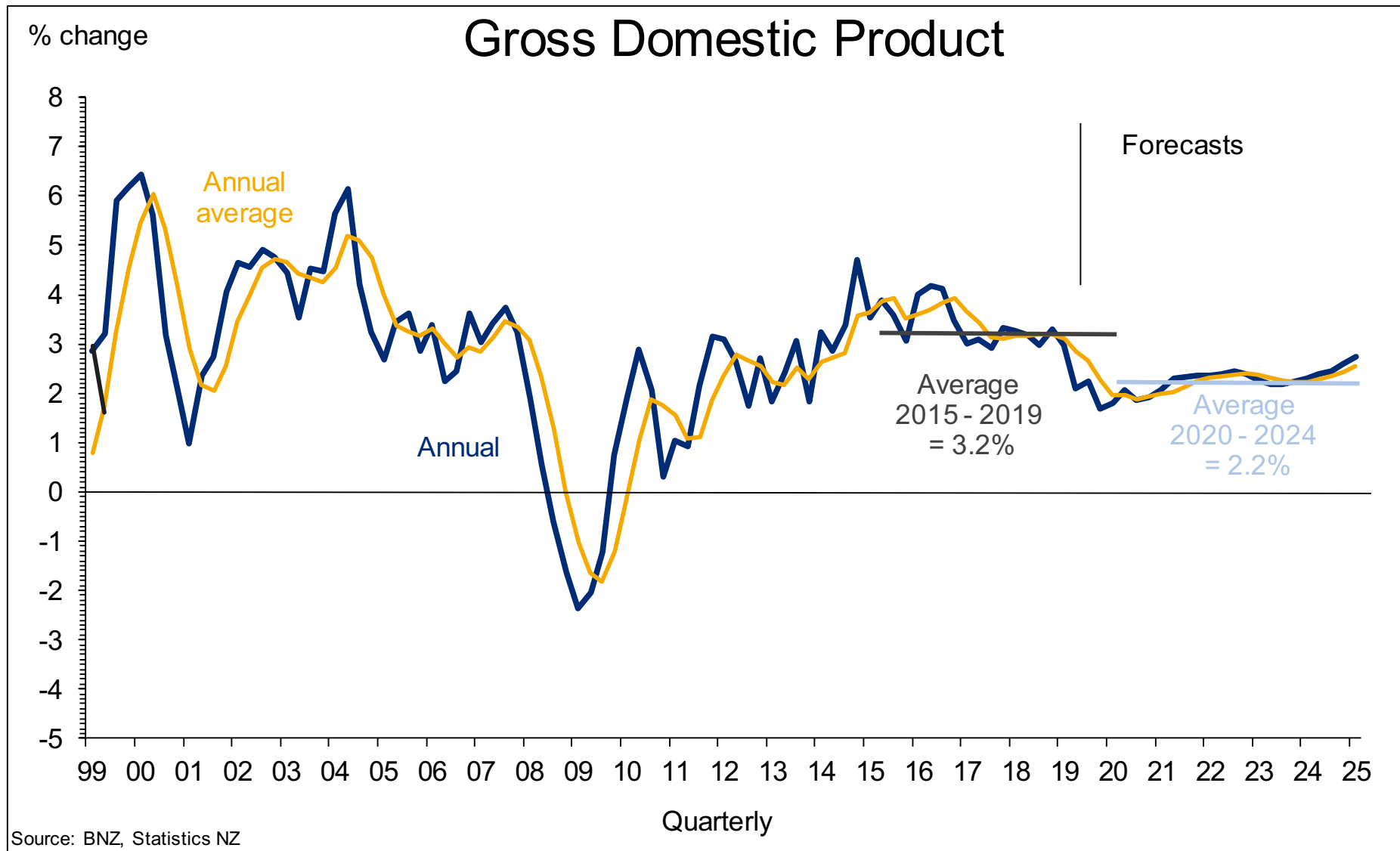




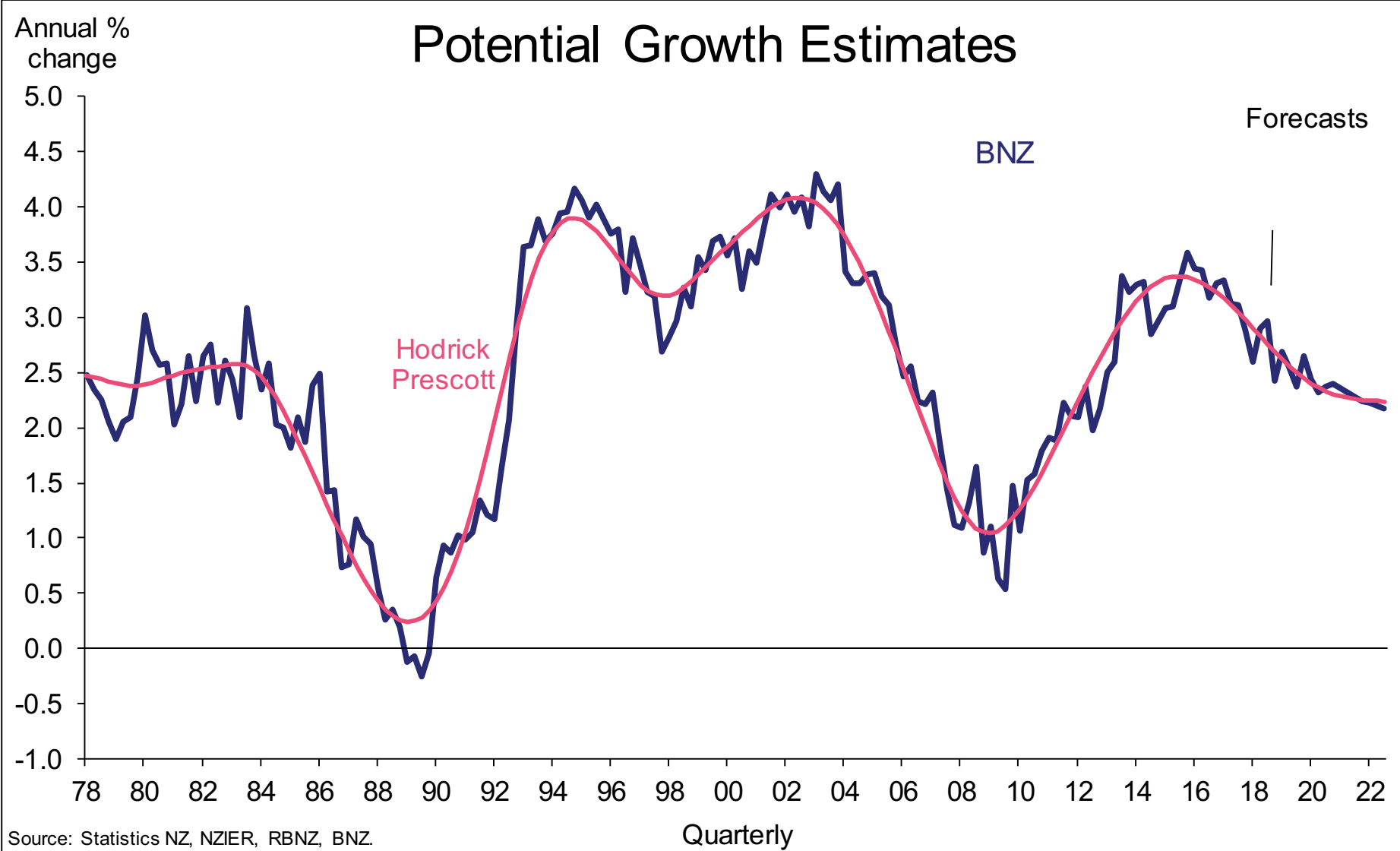
# A STEP CHANGE?

**Stephen Toplis, Head of Research**  
**February 2020**

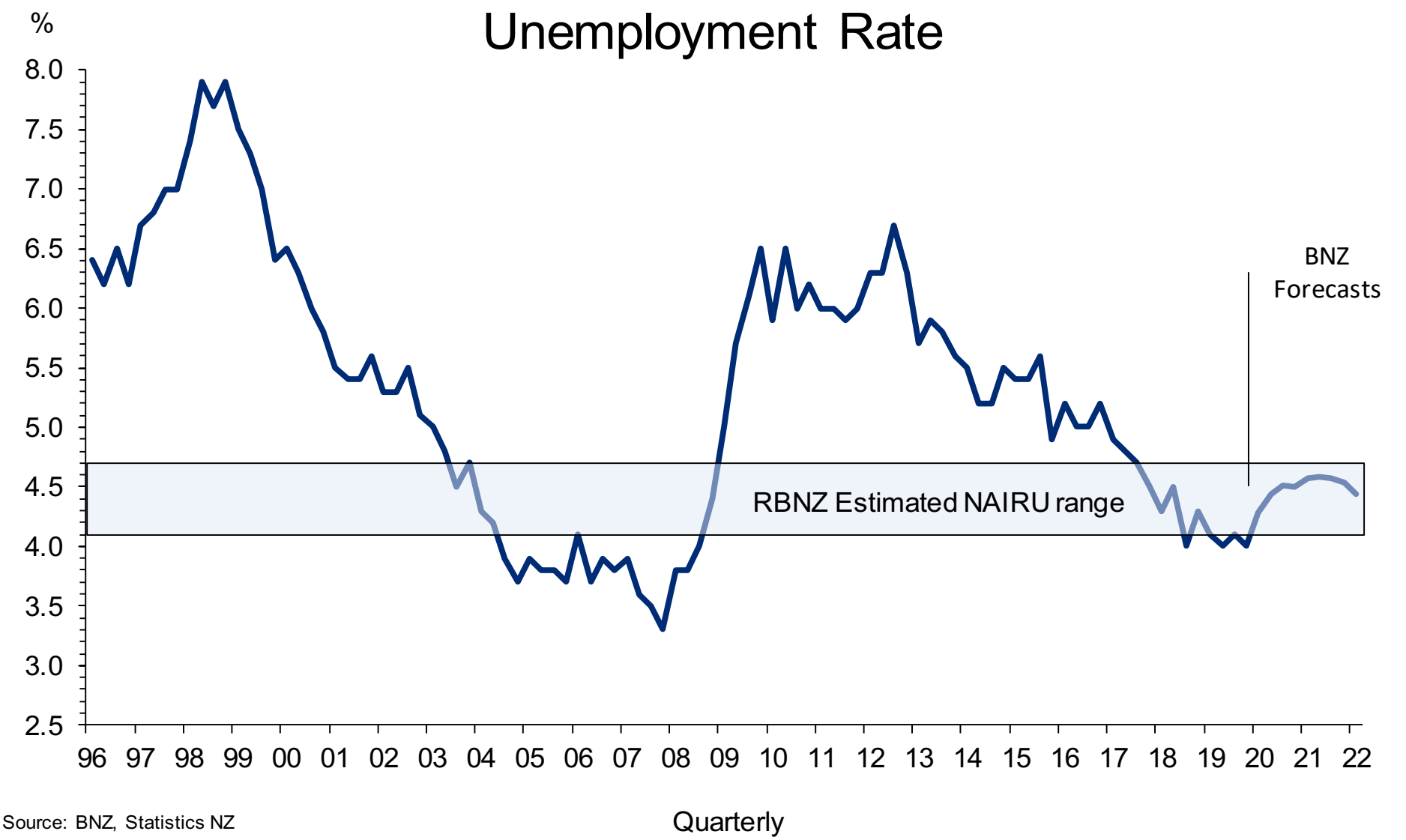
# Growth steady but lower



# In line with potential



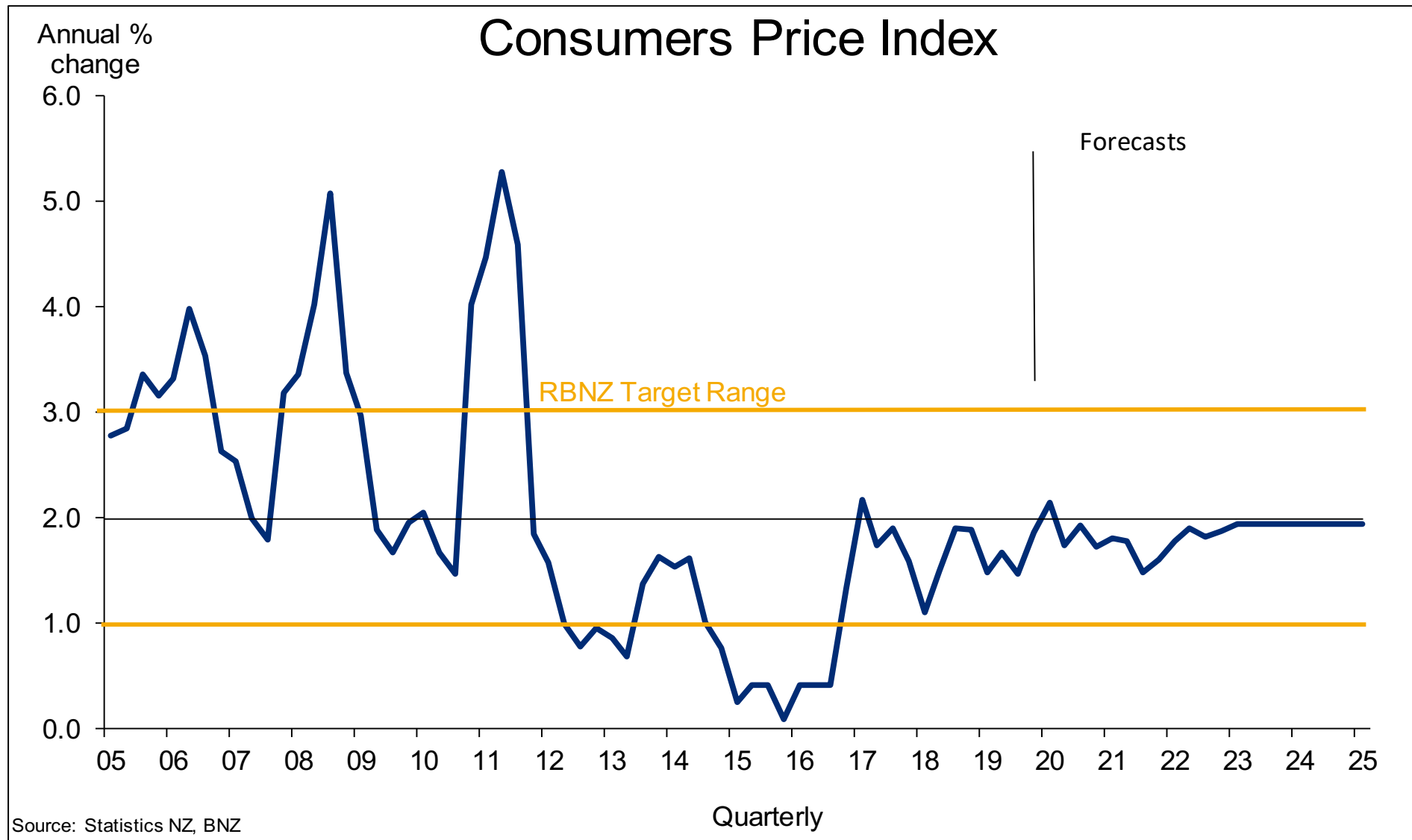
# Maintaining near full employment



Source: BNZ, Statistics NZ

Quarterly

# And on-target inflation

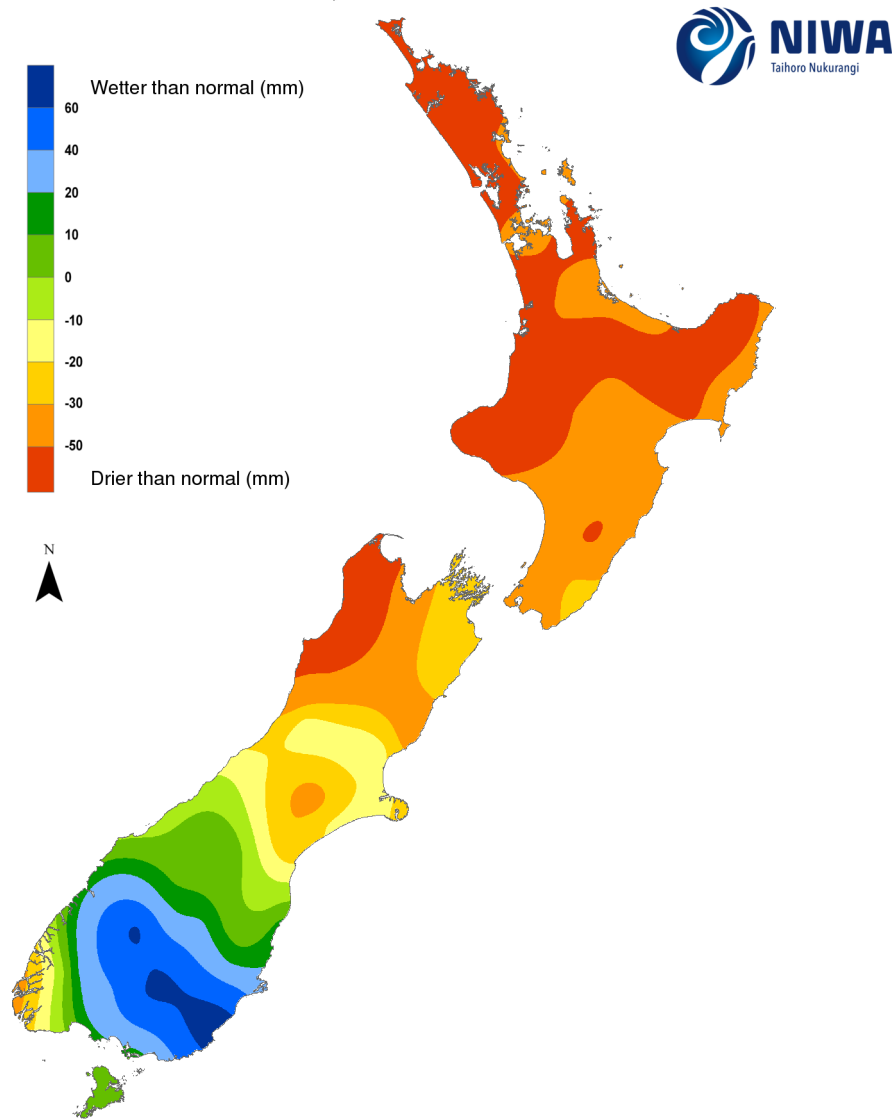


# No time for complacency

- Drought
- RBNZ tightening
- External shock
- Upside constraints

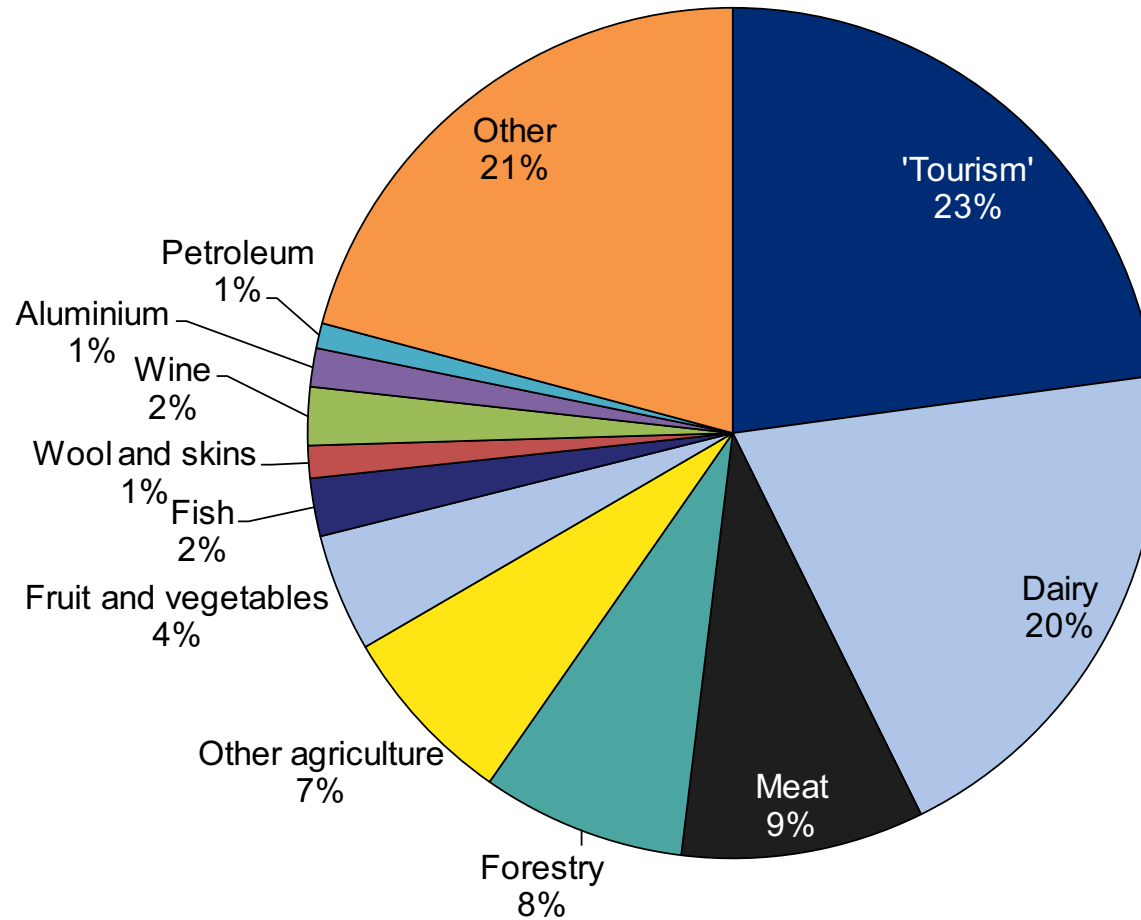
# Drought conditions building

Soil moisture anomaly (mm) at 9am on 16/02/2020



# Export balance now problematic?

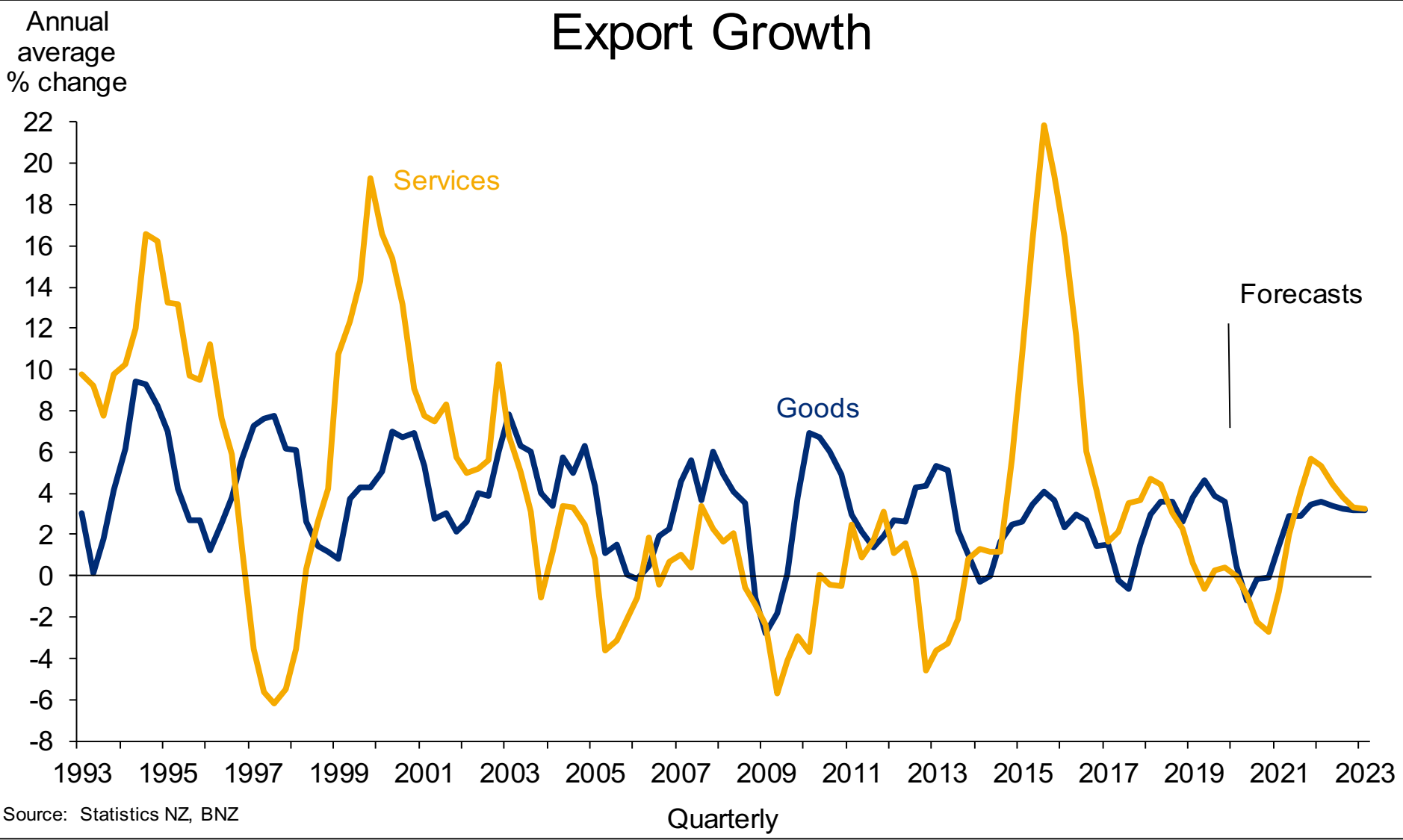
NZ Exports by Major Item



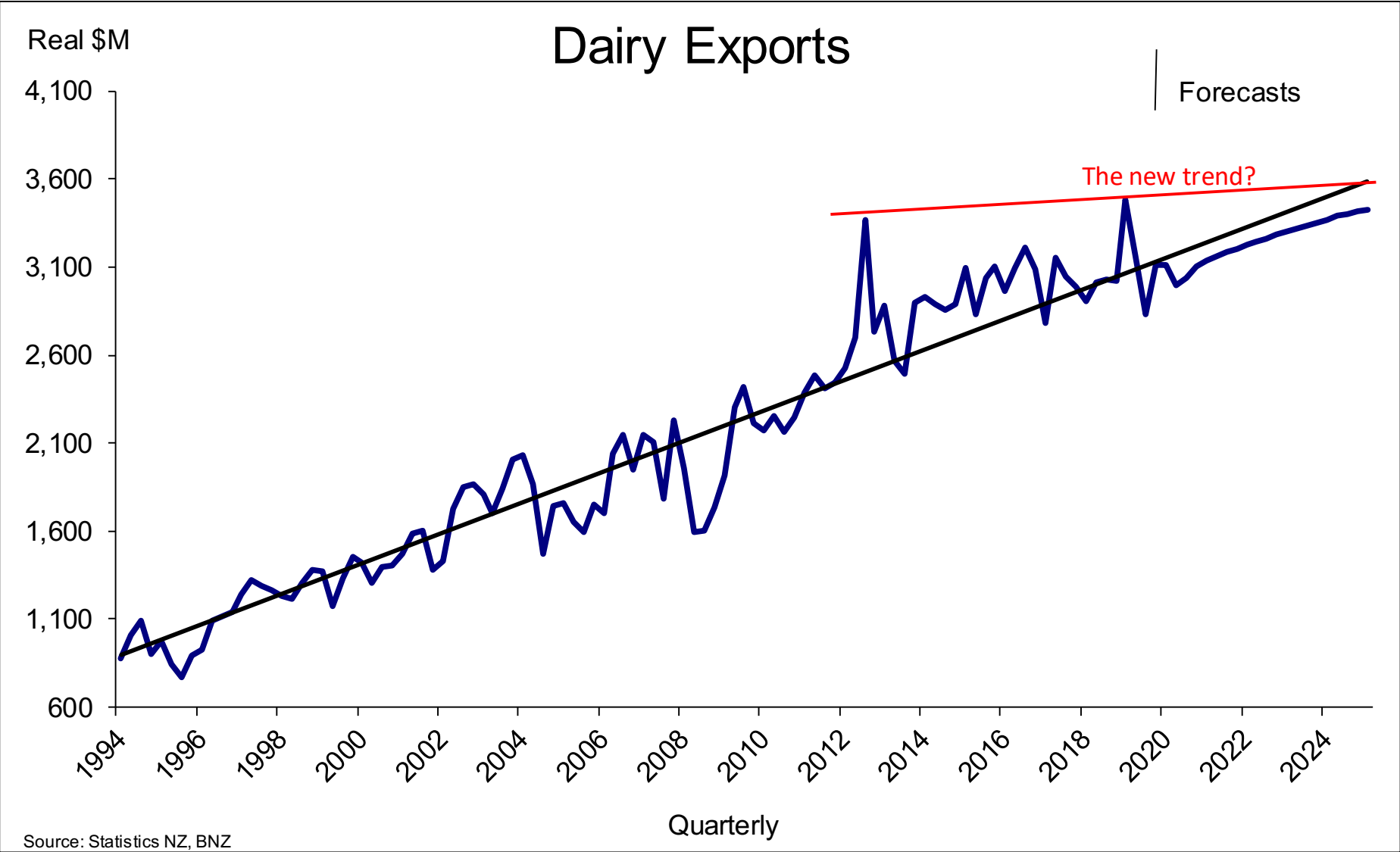
Source: Statistics New Zealand, BNZ.



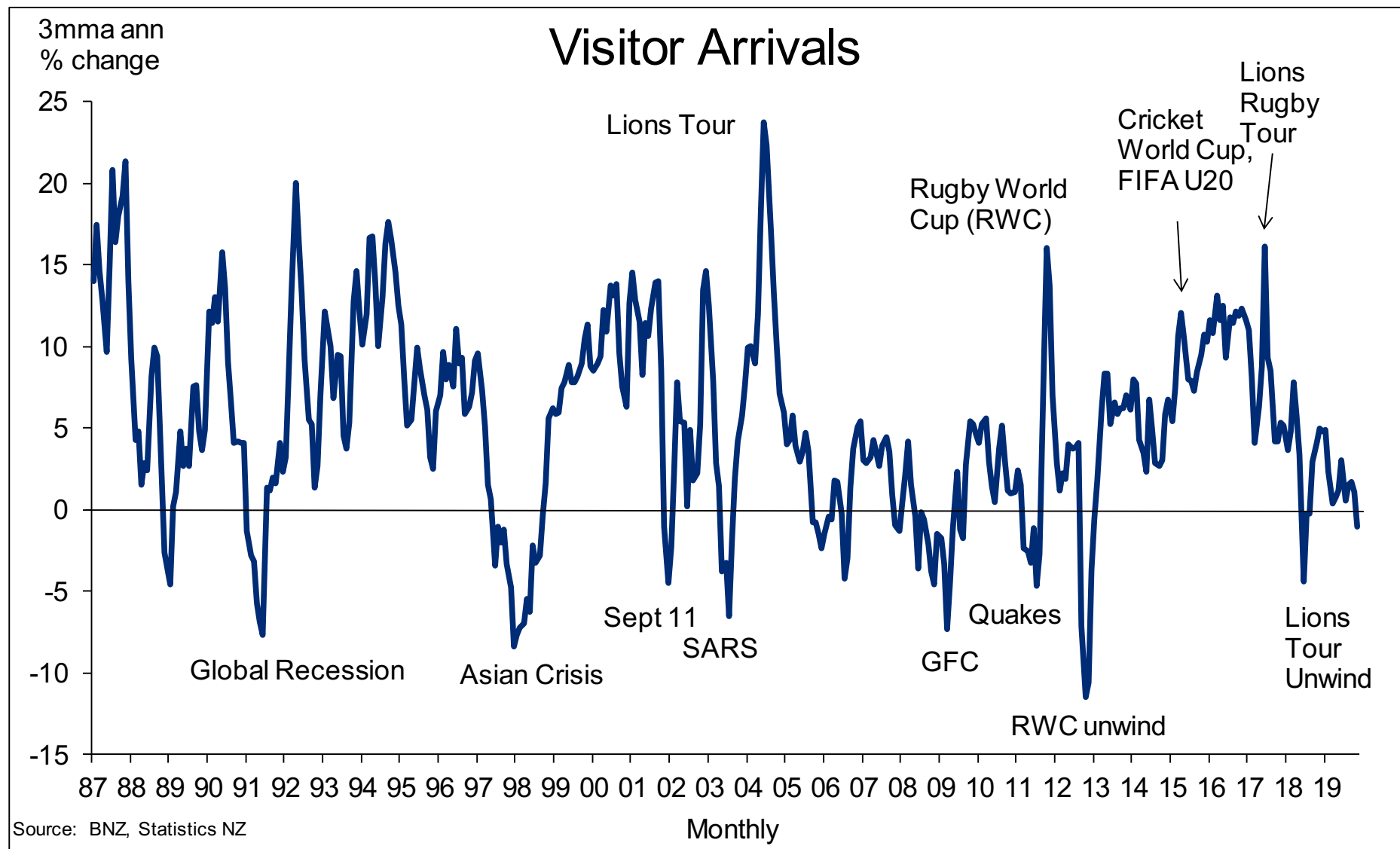
# Exports already under pressure



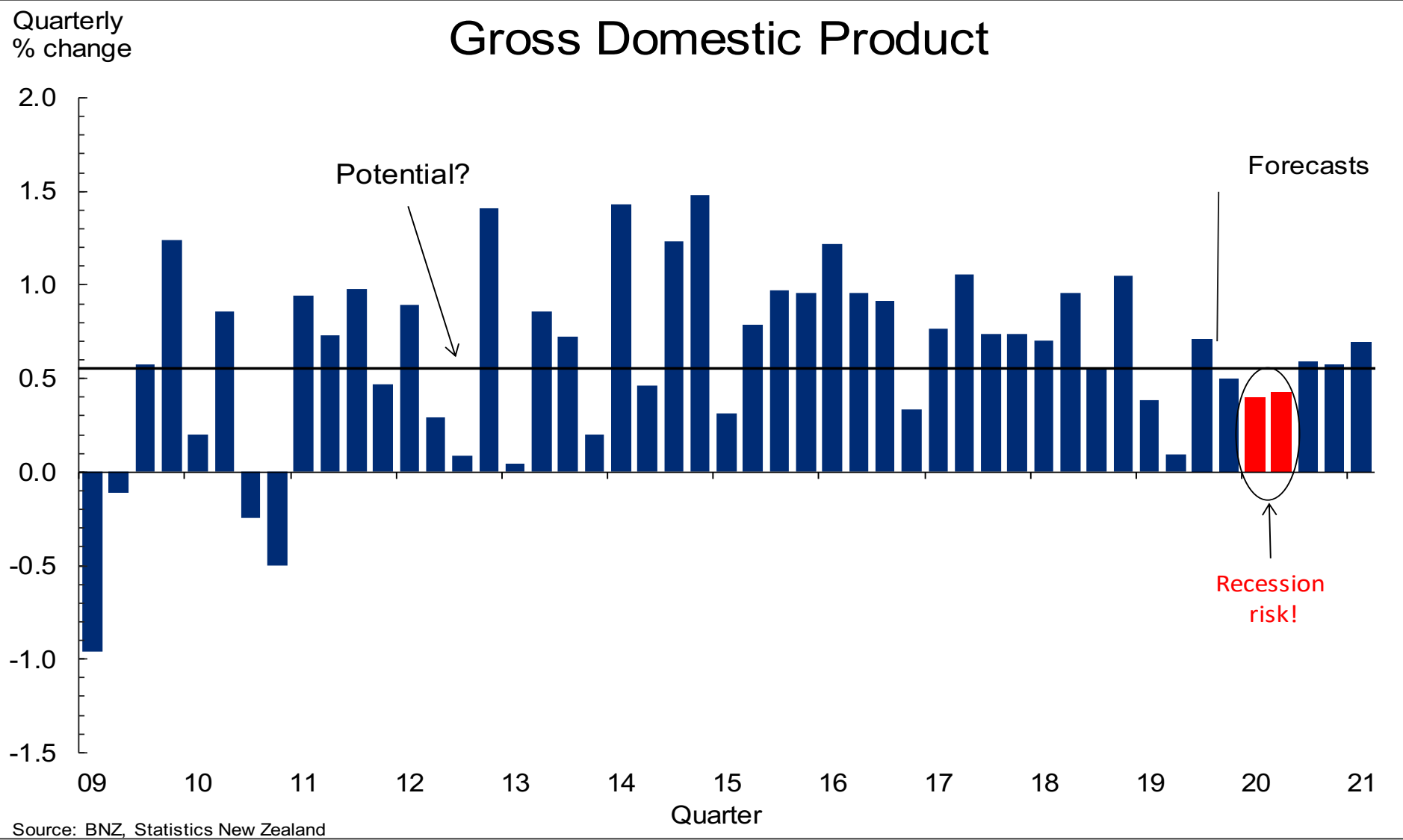
# Dairy has long term issues



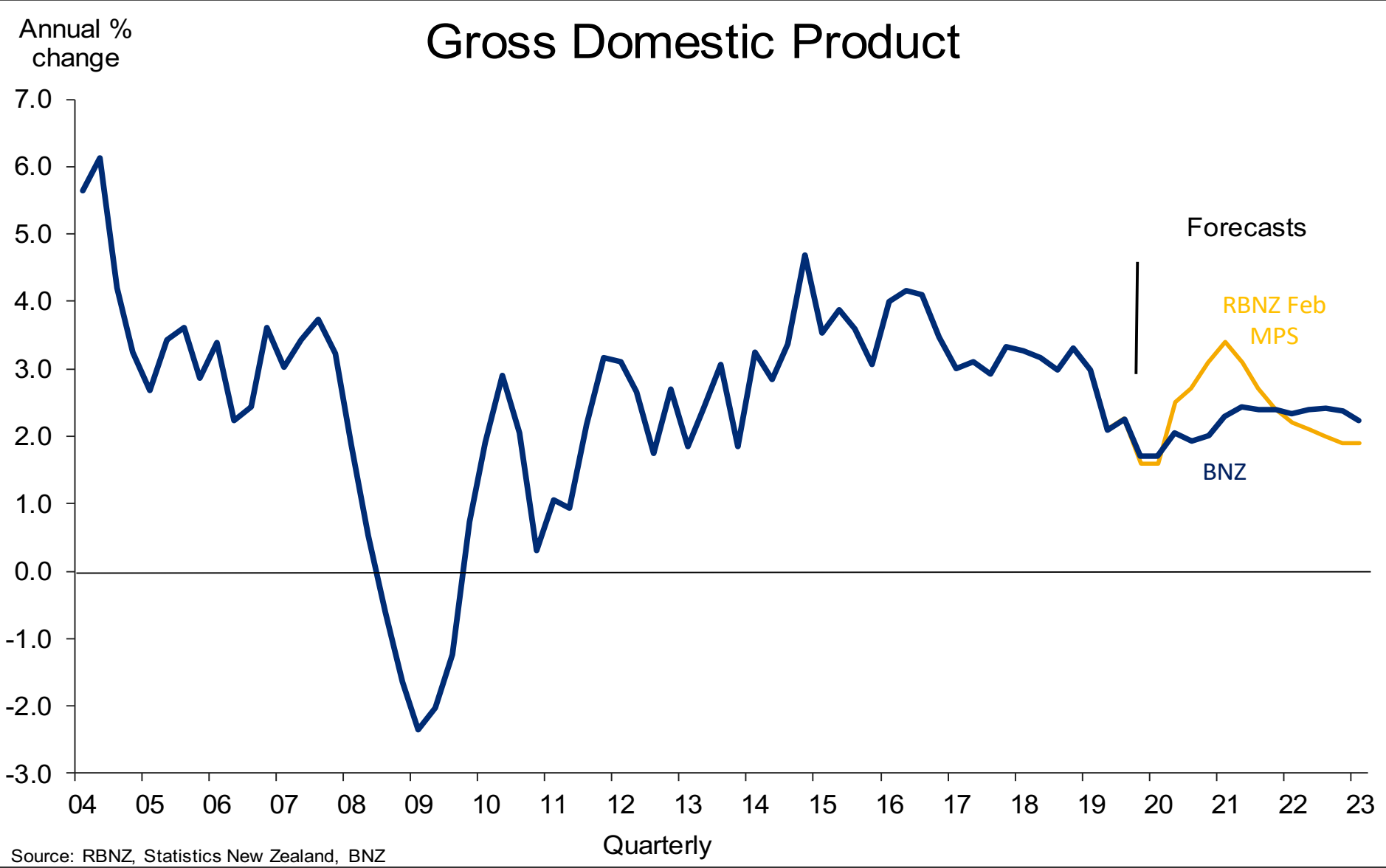
# Tourism immediate and long term concerns



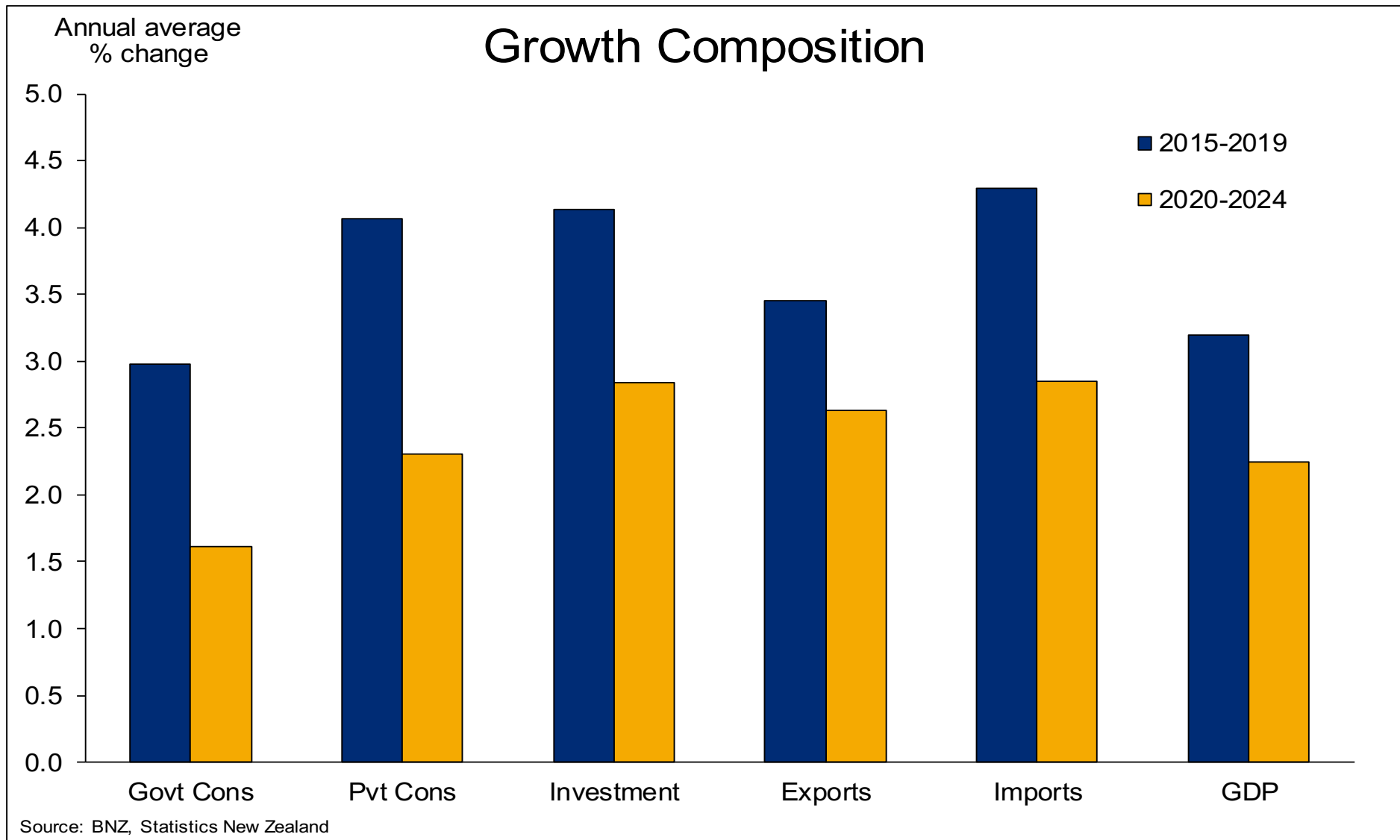
# Recession Risk



# RBNZ Optimistic



# Government to the “rescue”?



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