

In with the new...

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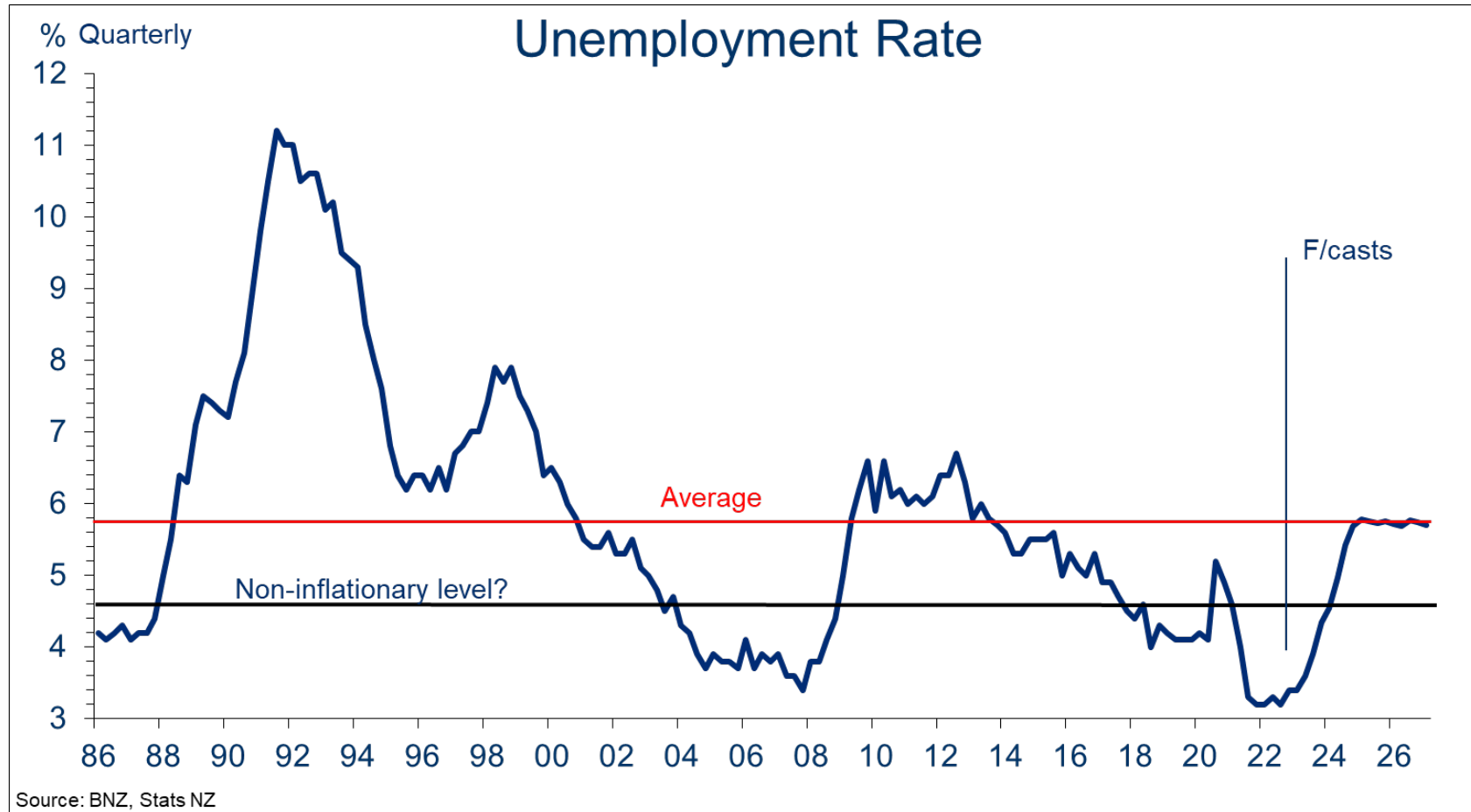
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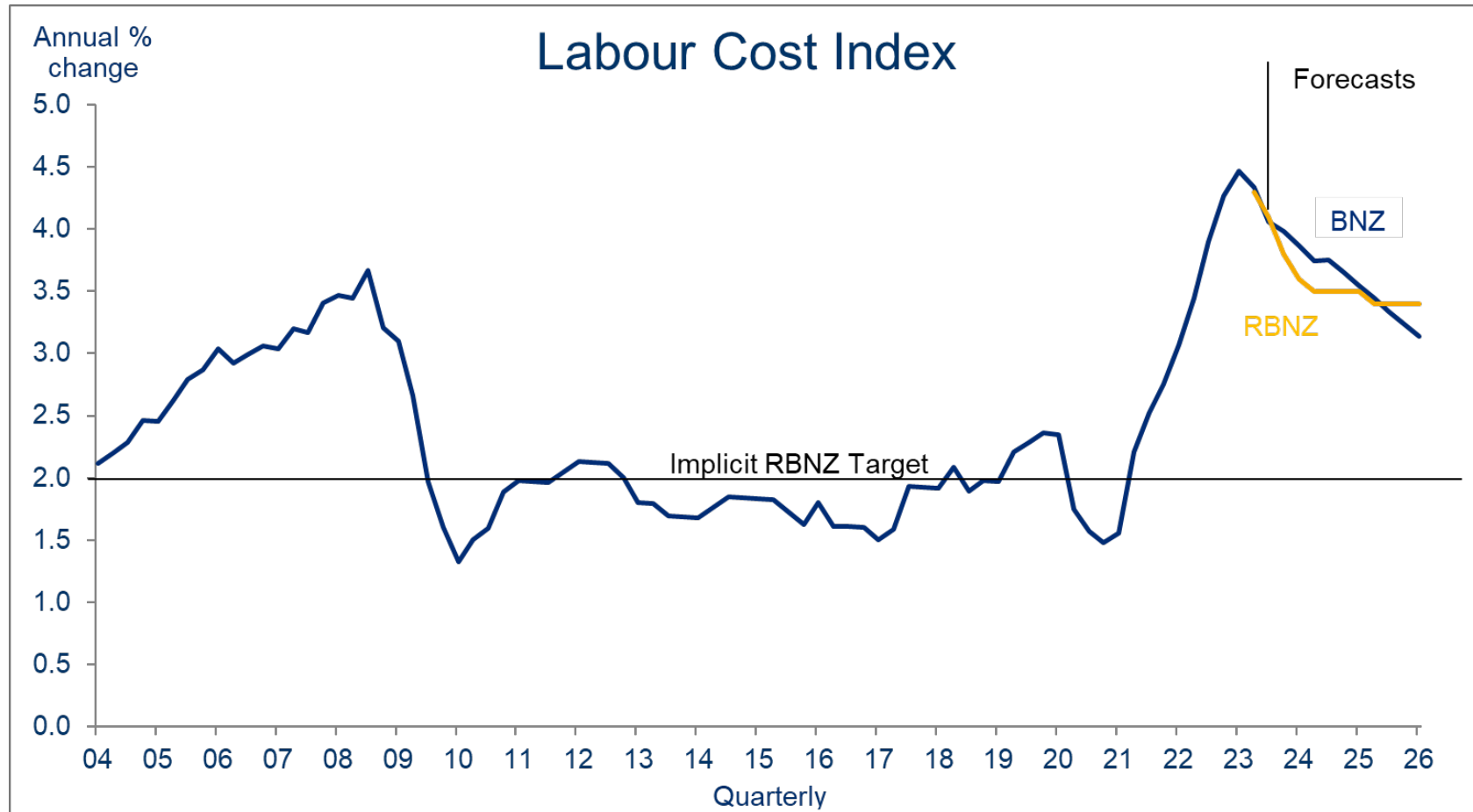
Monetary Policy

- Abandon maximum sustainable employment as a “target”
- Seek advice on:
 - moving back to a single decision maker
 - removing the Treasury observer
 - setting a time frame for meeting the target

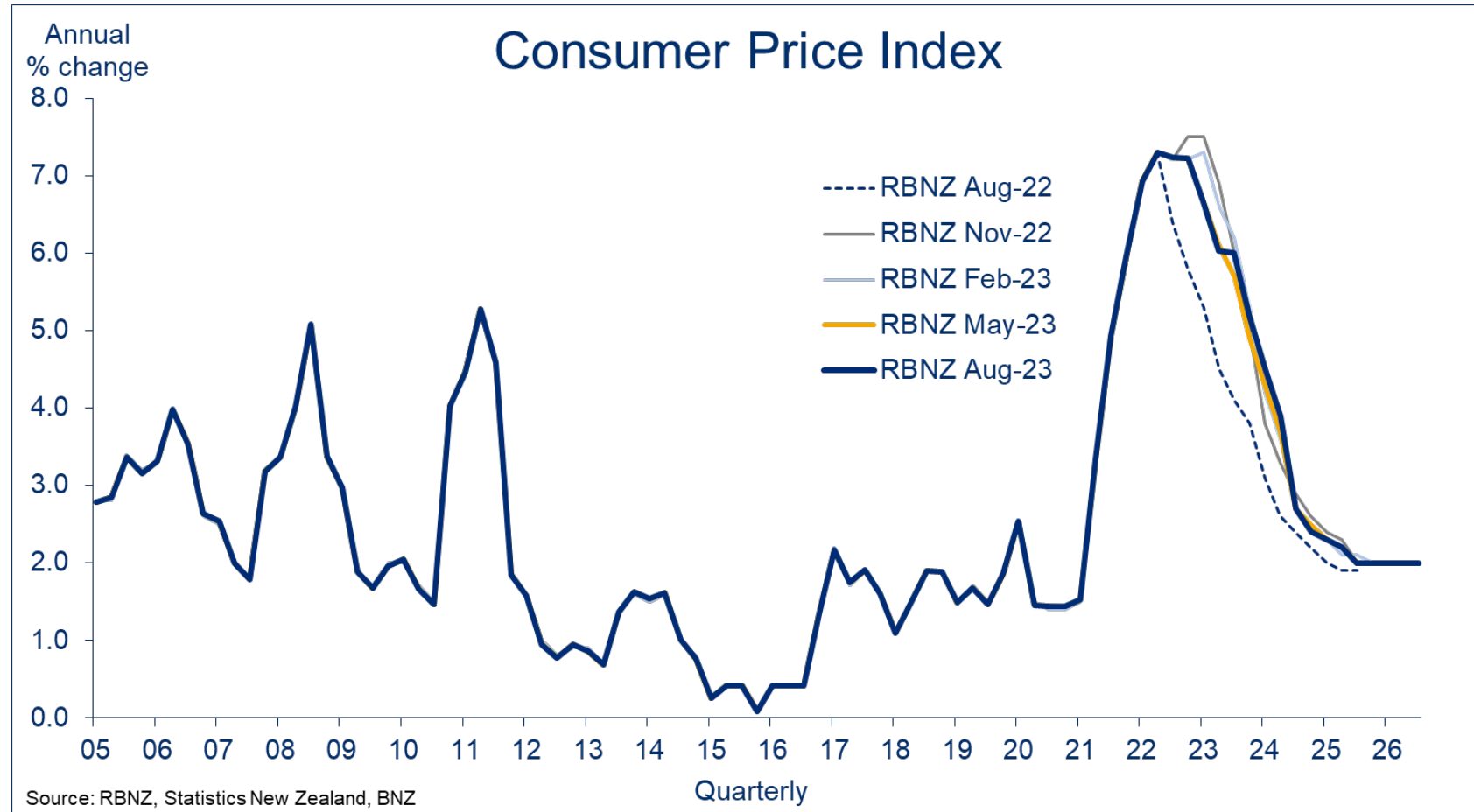
Employment will always matter



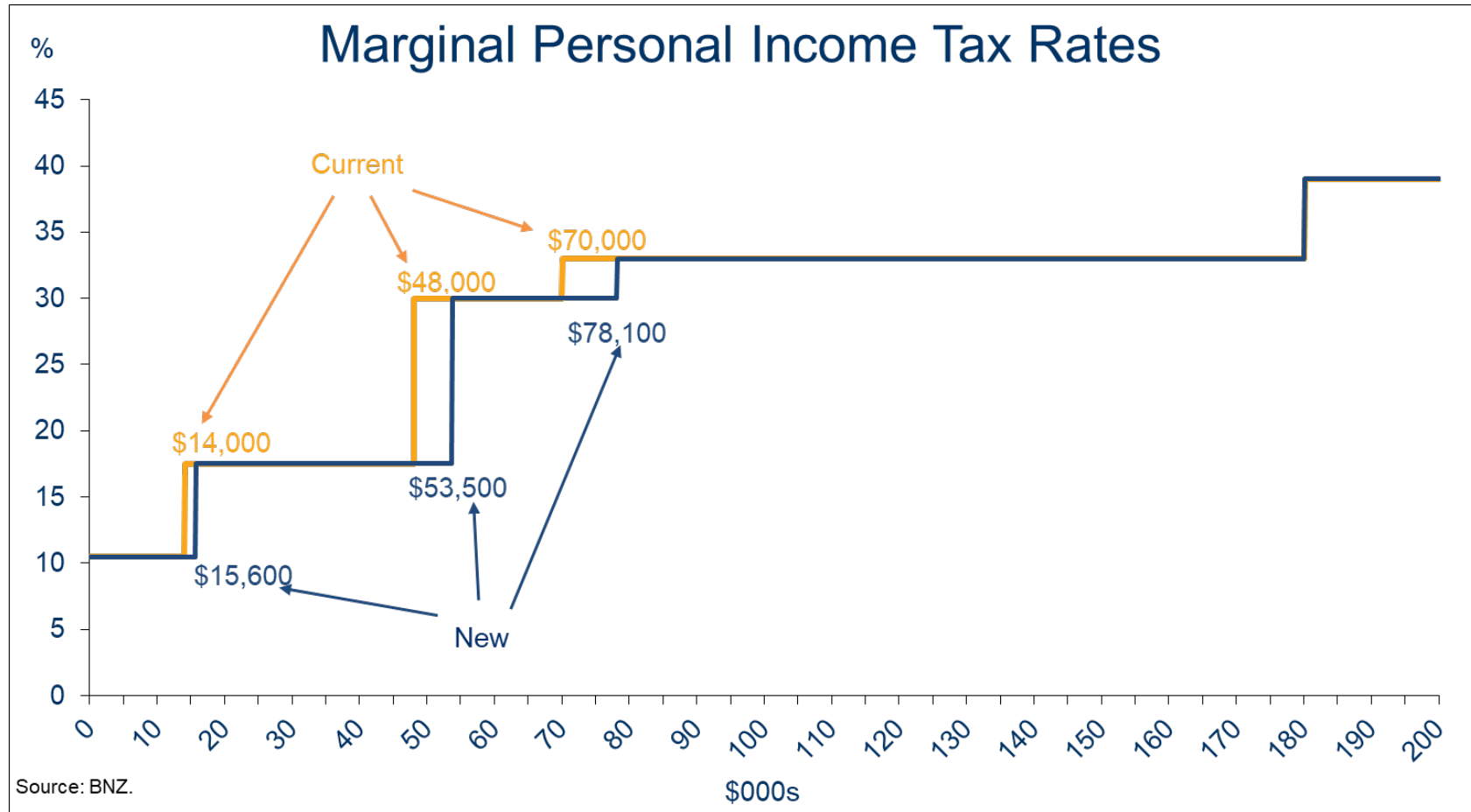
As will wages



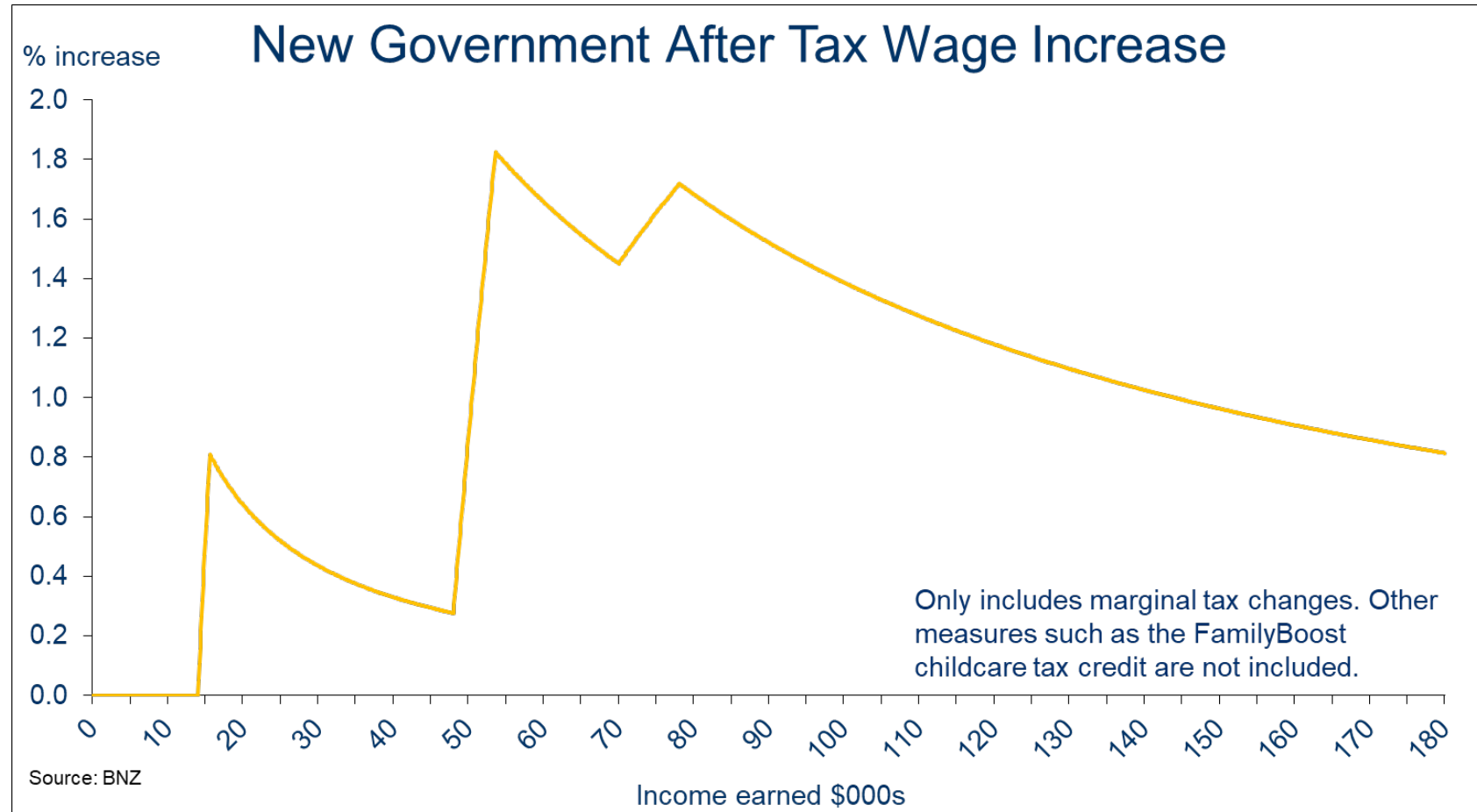
RBNZ already has a timeframe



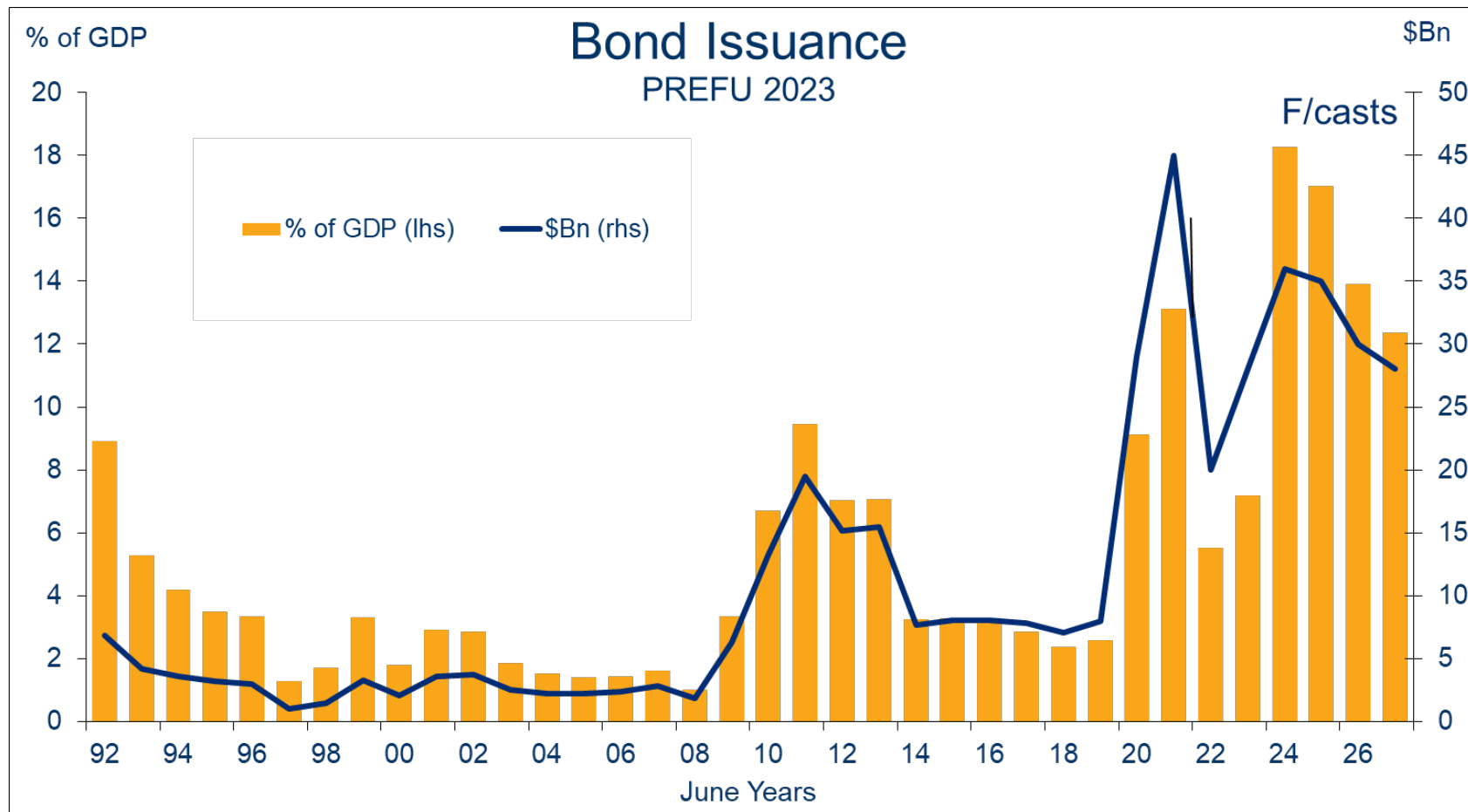
Tax cuts



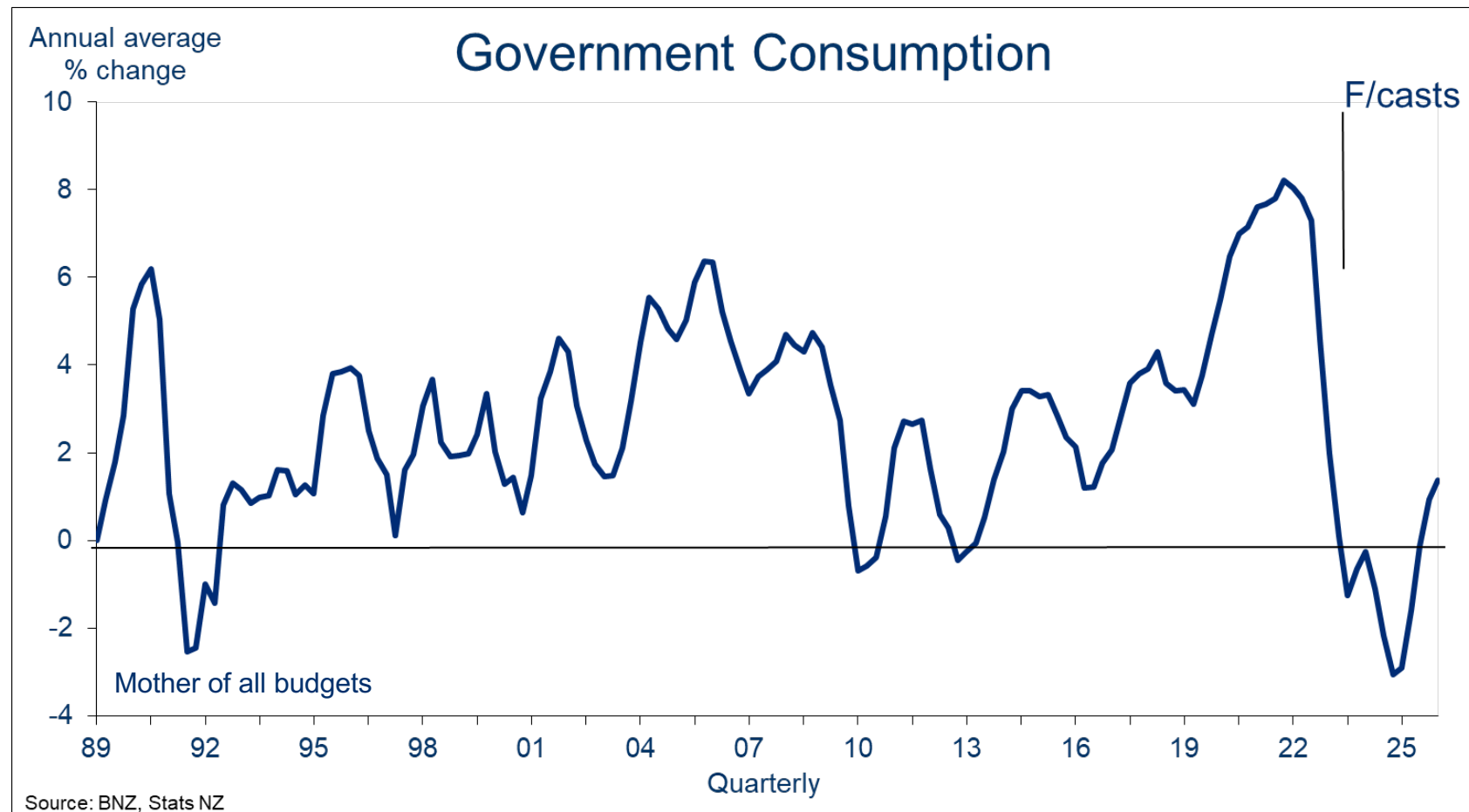
Middle income winners



But who pays?



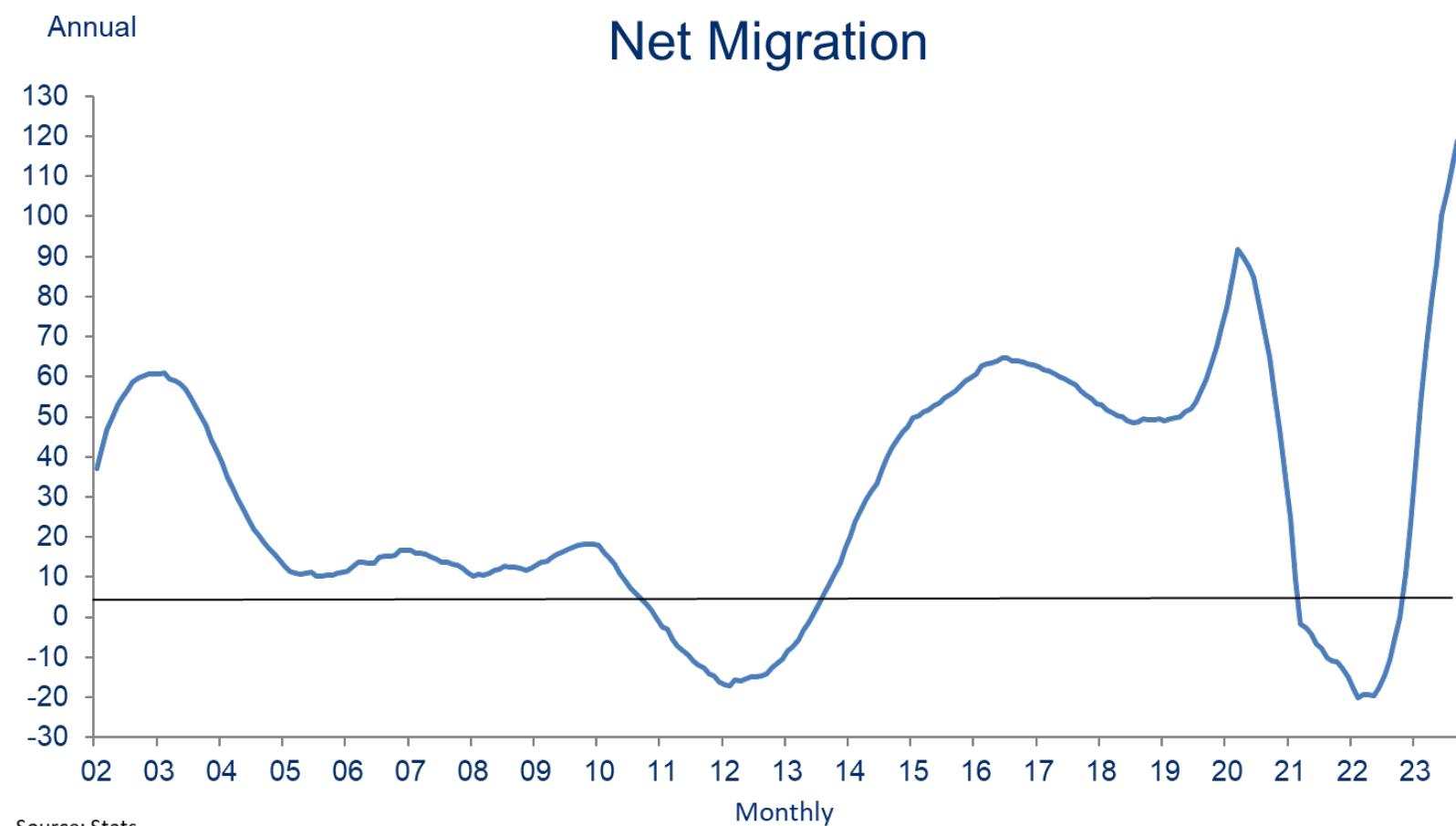
Fiscal cuts aplenty



Labour market

- Repeal fair pay agreement
- Reform health and safety regulations
- Expand 90-day trials to all business
- Effectively increase the potential supply of, and reduce the cost of, migrants

Migration is potentially worrying

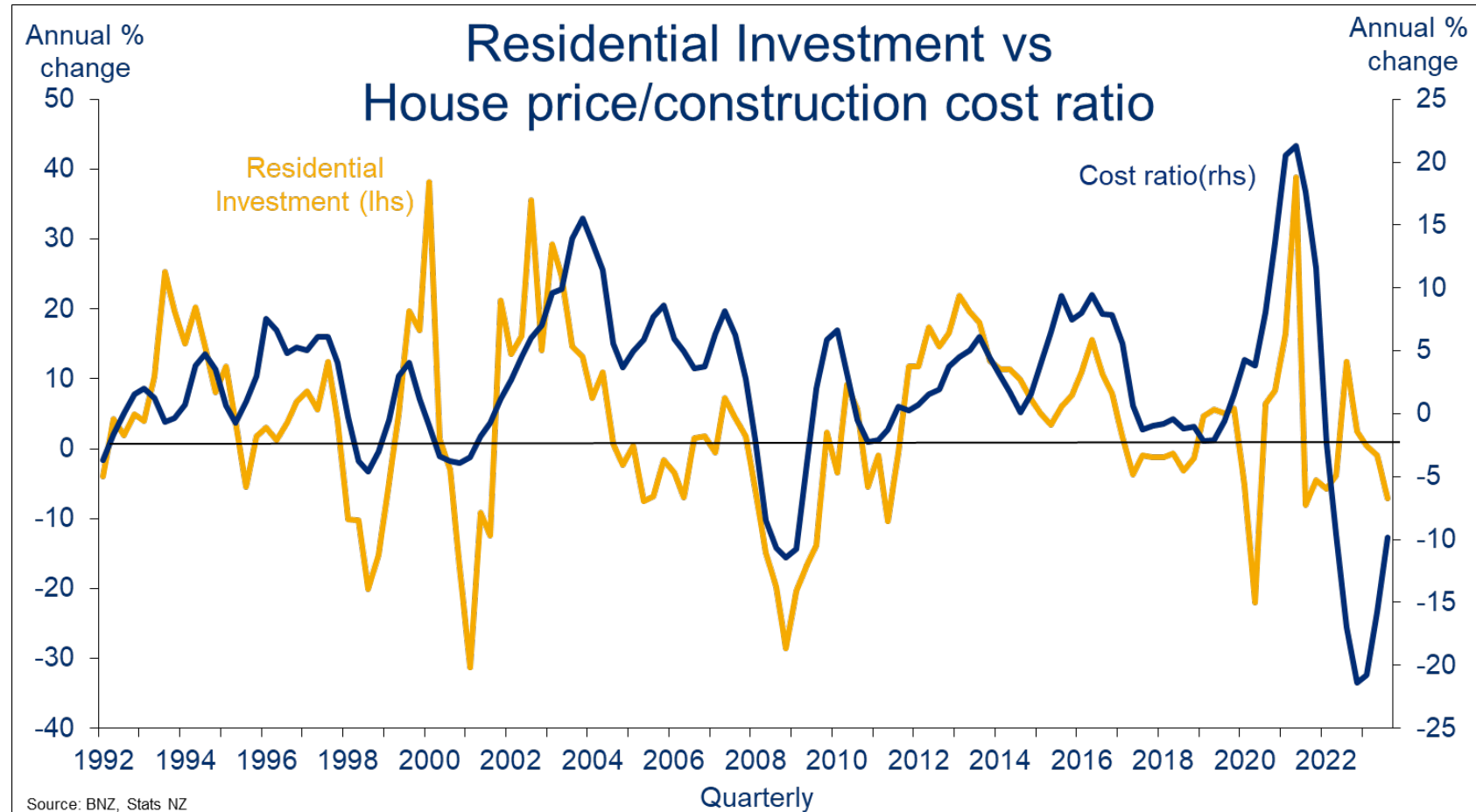


Source: Stats

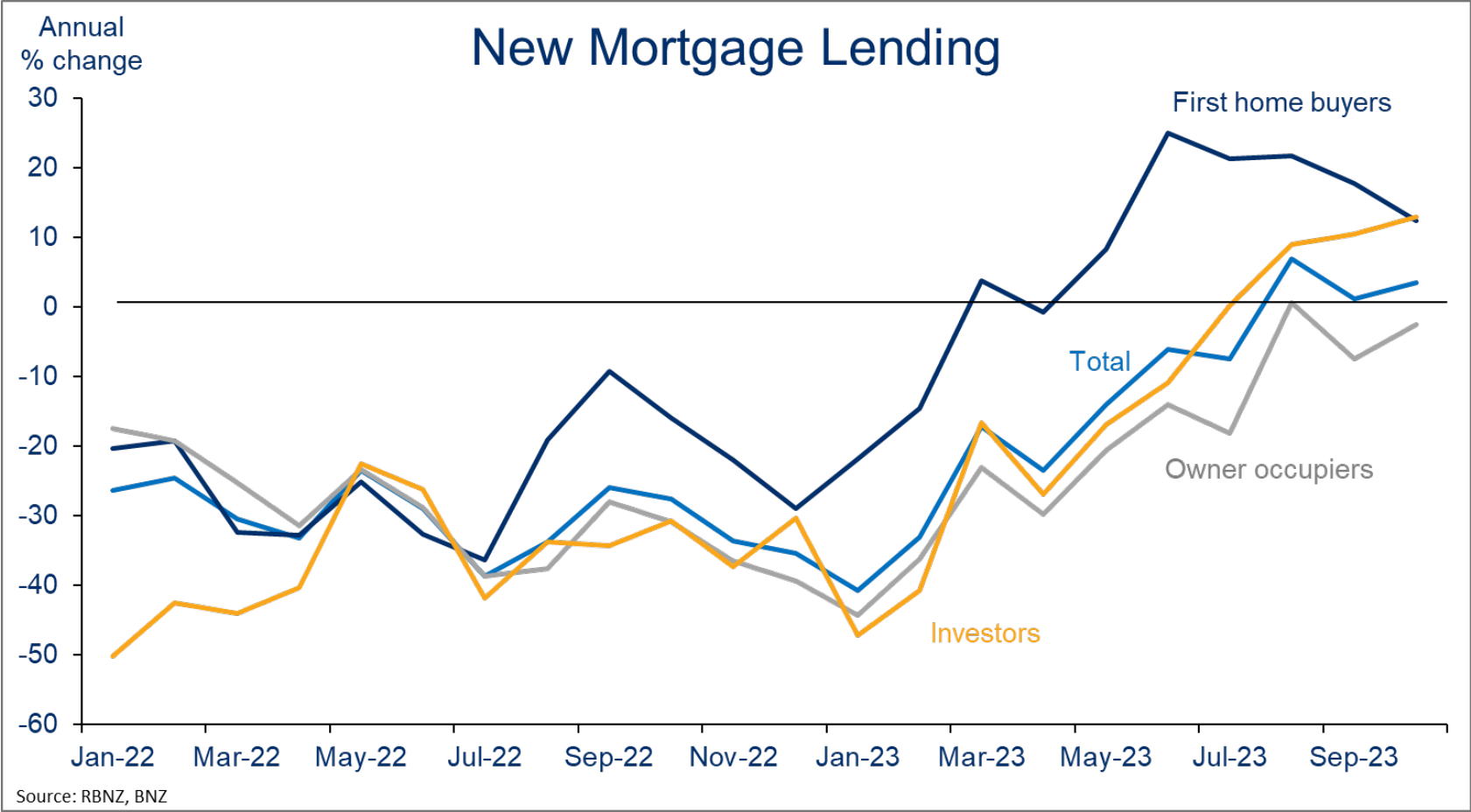
Housing

- Interest rate deductibility for landlords returns
- Changes to the Brightline test
- No major supply incentive
- Pushes up the demand for the existing housing stock

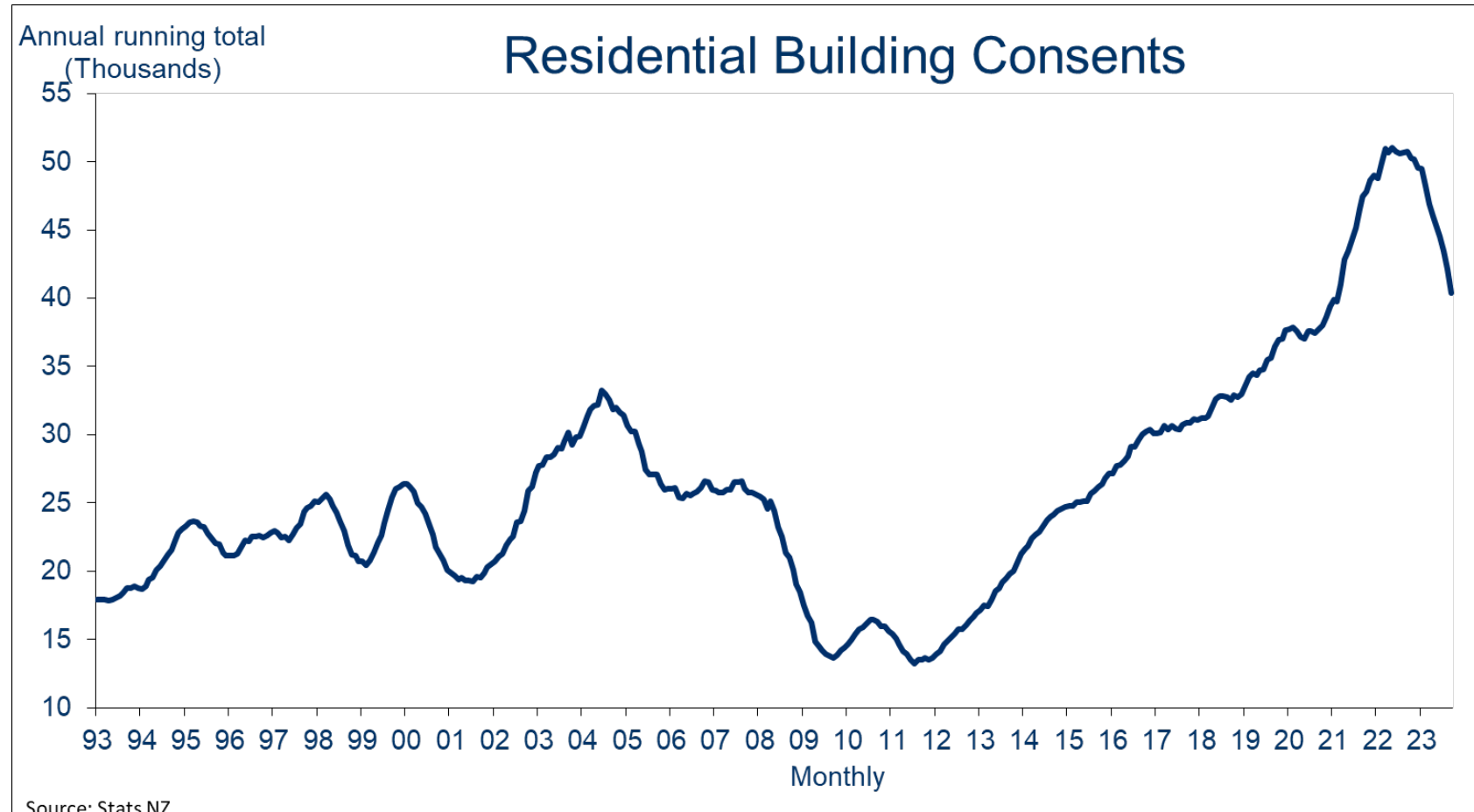
Expensive to build



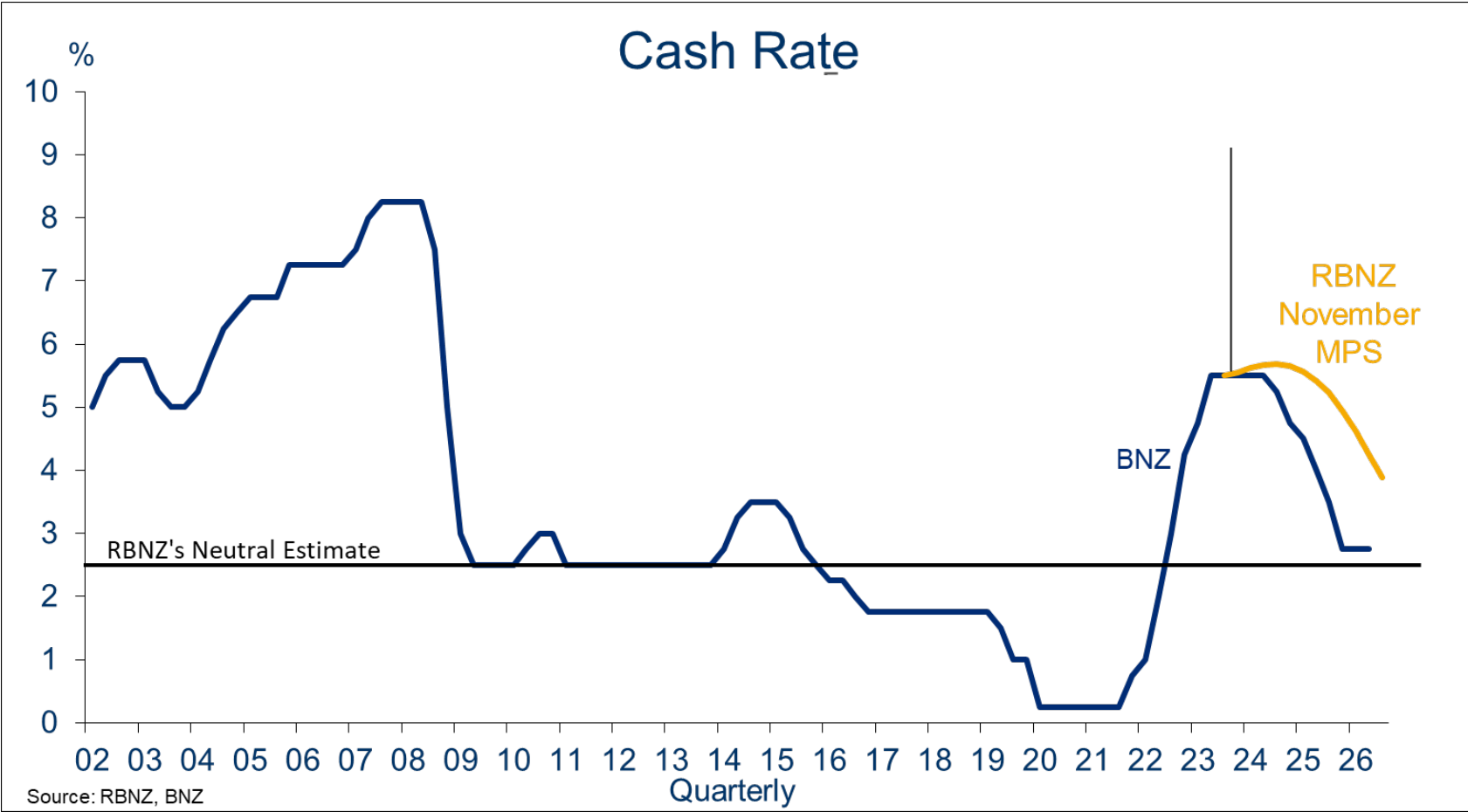
Investors are back



Supply is not



Rates higher for longer

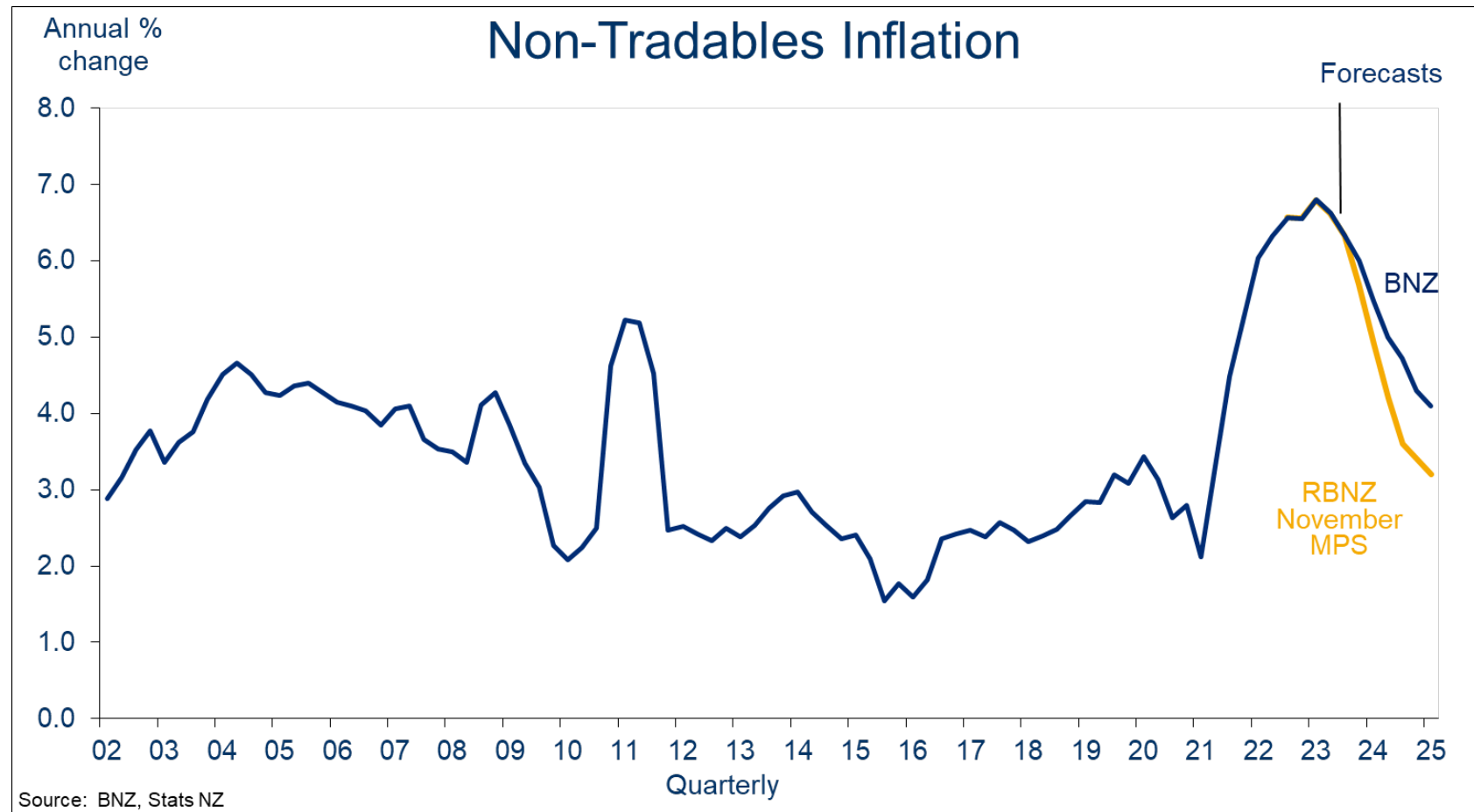


RBNZ surprises

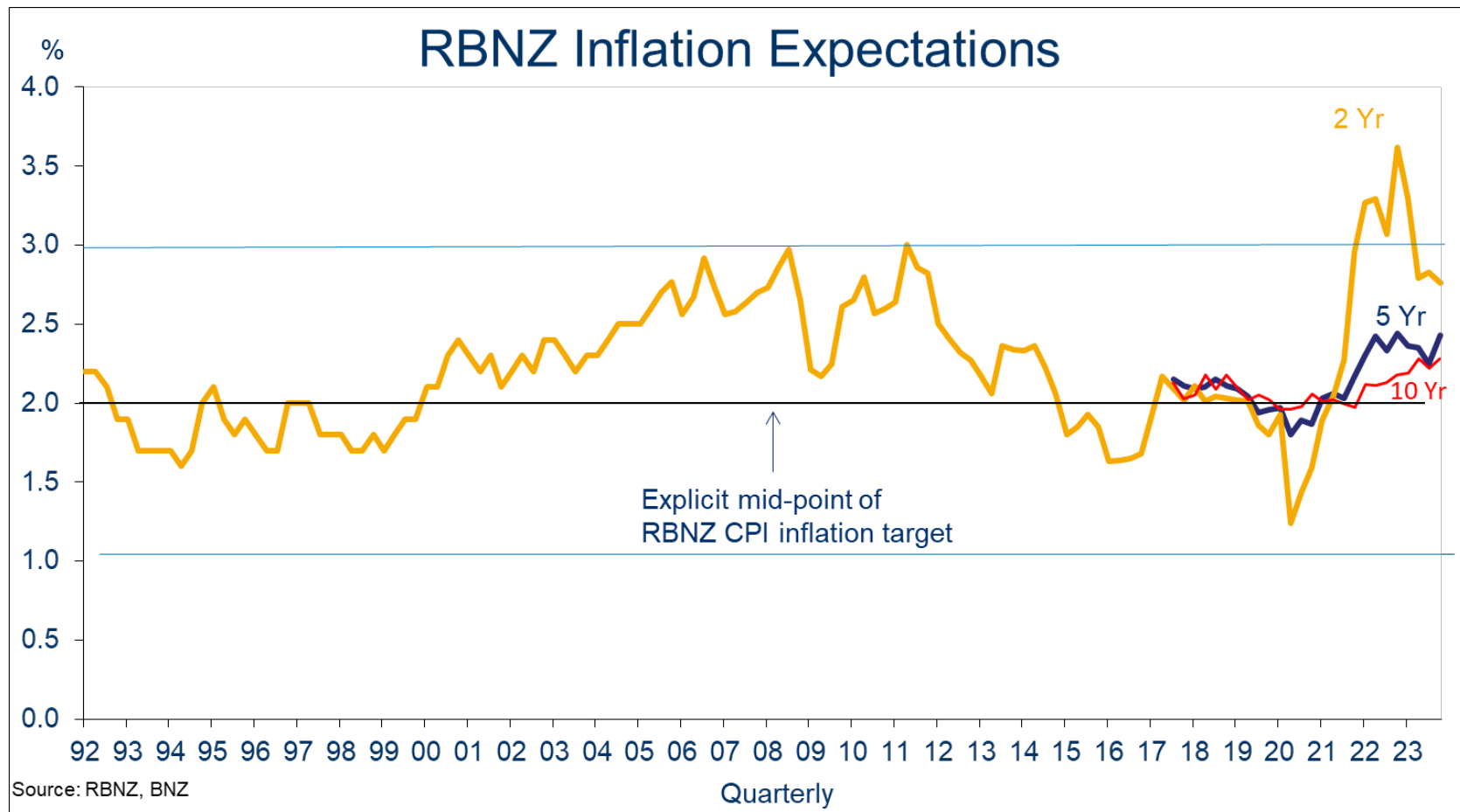
Concerned about:

- Pace of migration
- Increase in government spending
- Sticky non tradables inflation
- Elevated inflation expectations
- Market pricing

Non tradables an issue



Inflation expectations too high?



Market pricing too low

