

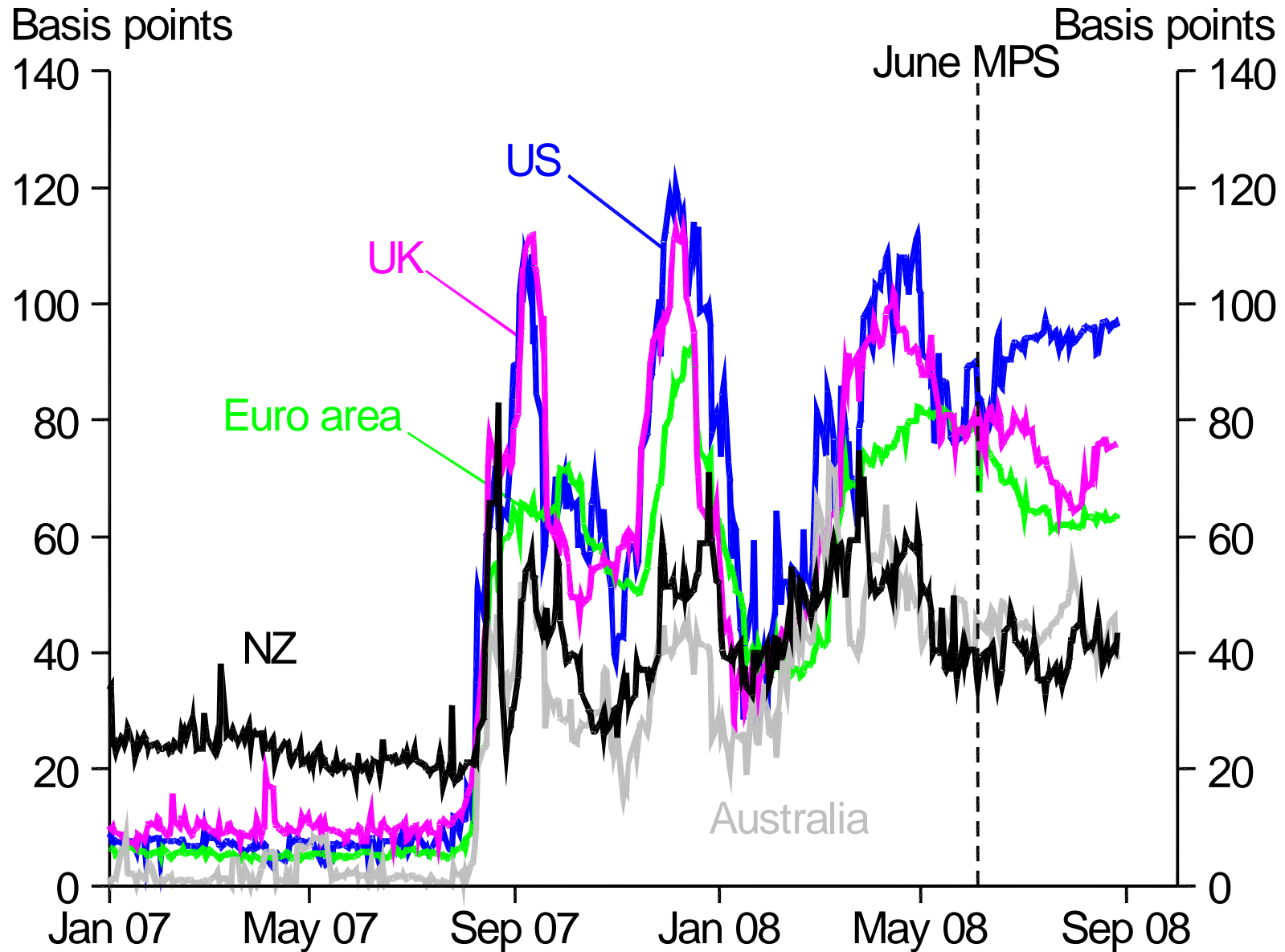
New Zealand's Economic Outlook

15 September 2008

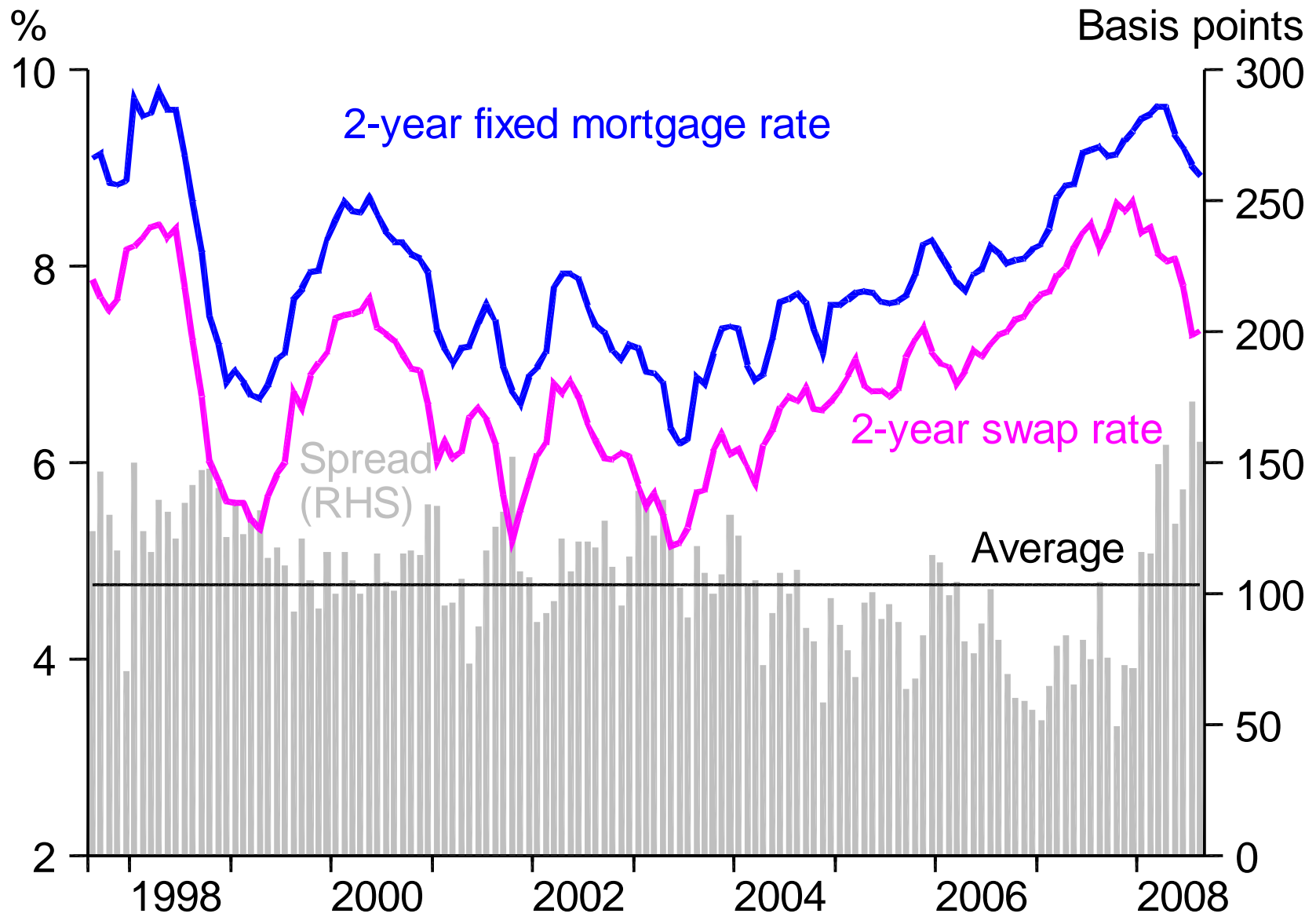
John McDermott
Reserve Bank of New Zealand

Off the record please...

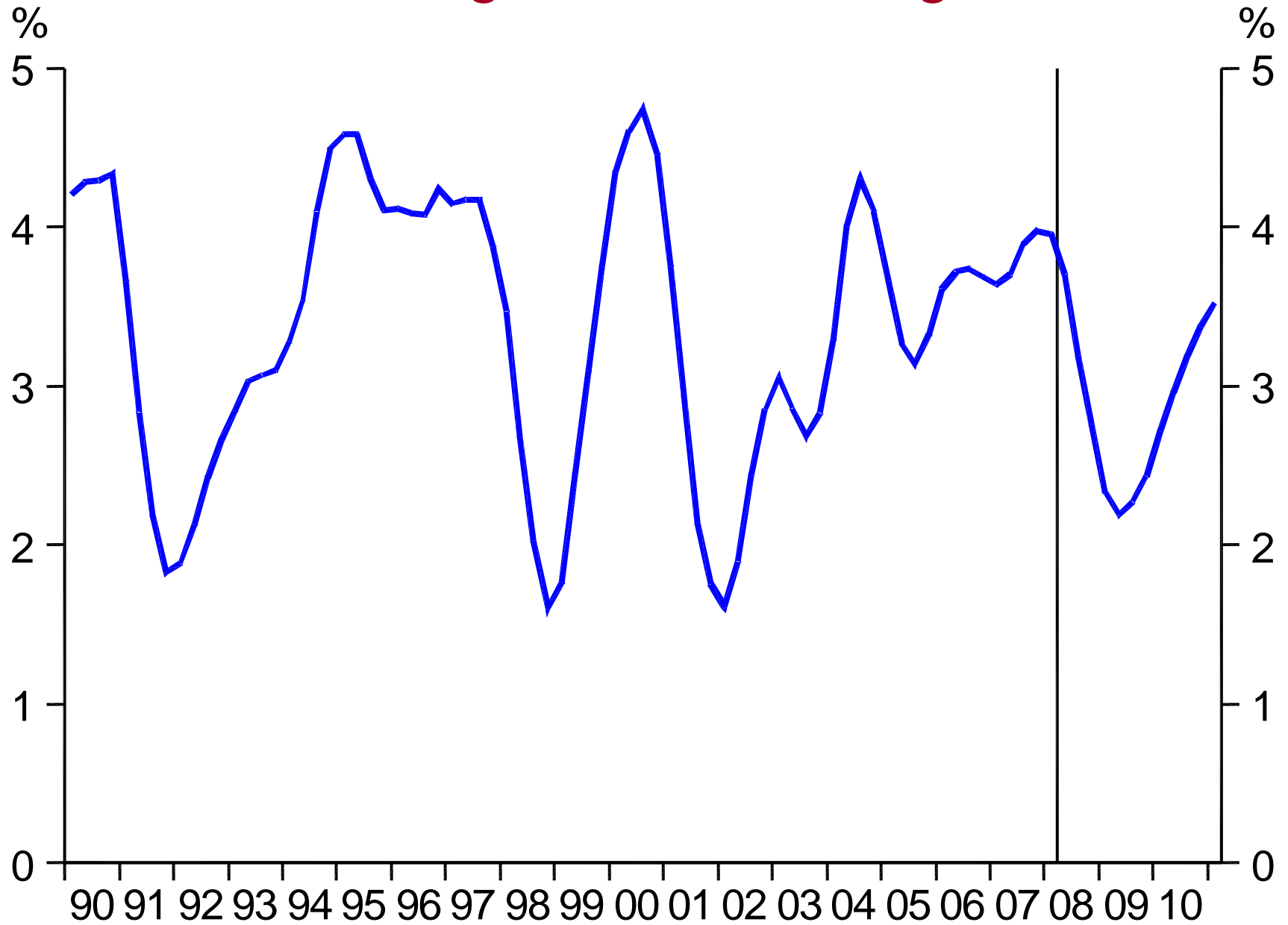
Financial market turbulence



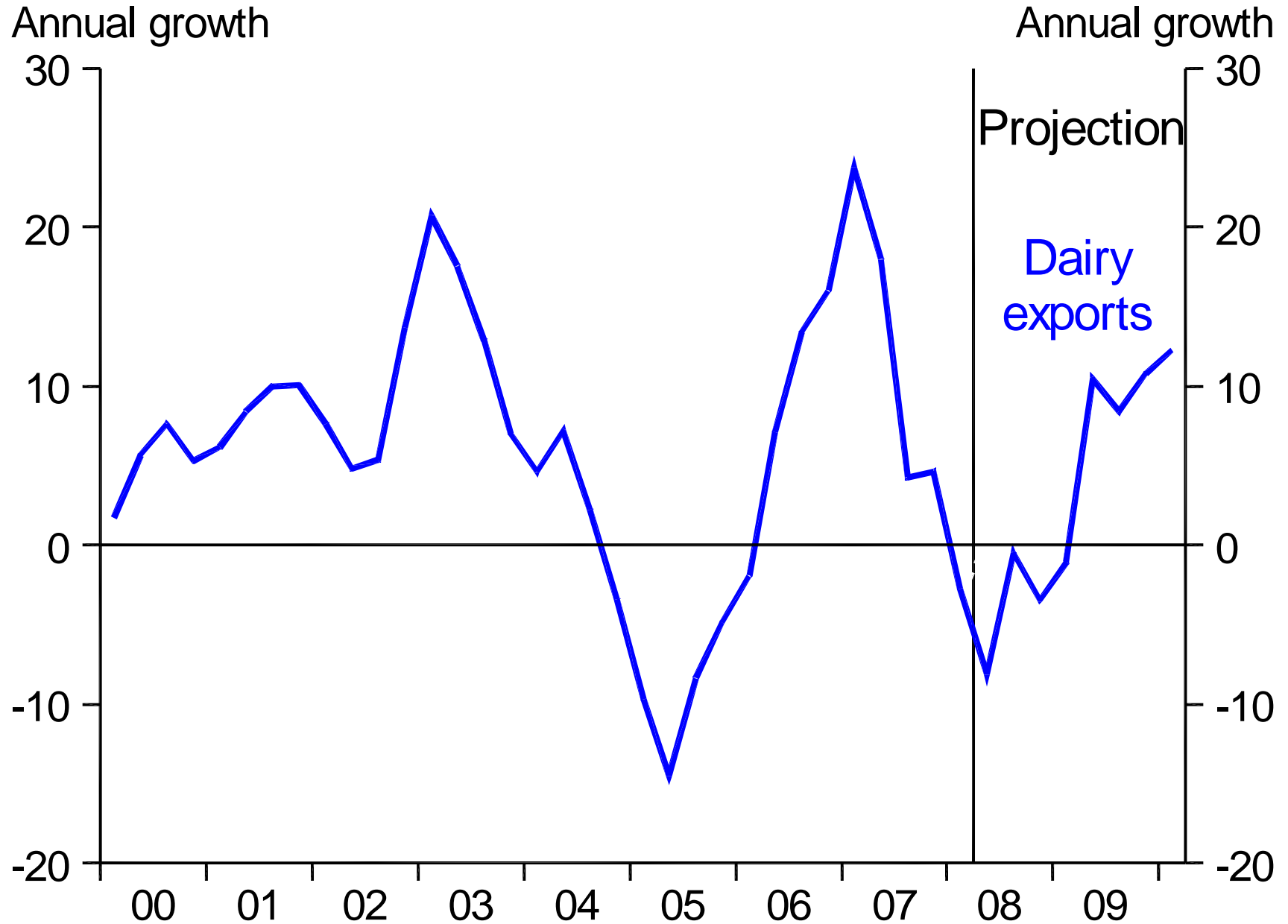
Increasing cost of funds



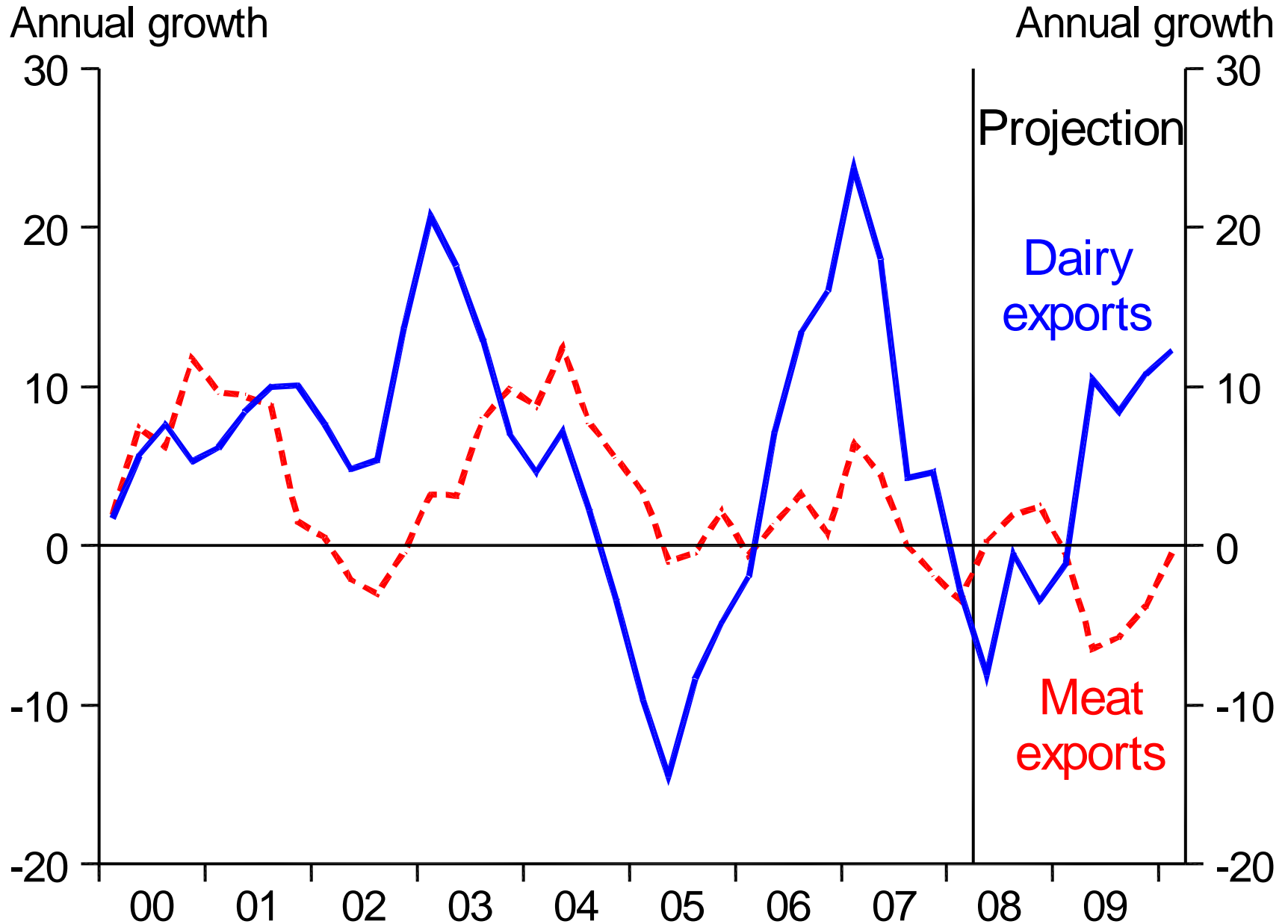
World growth is slowing



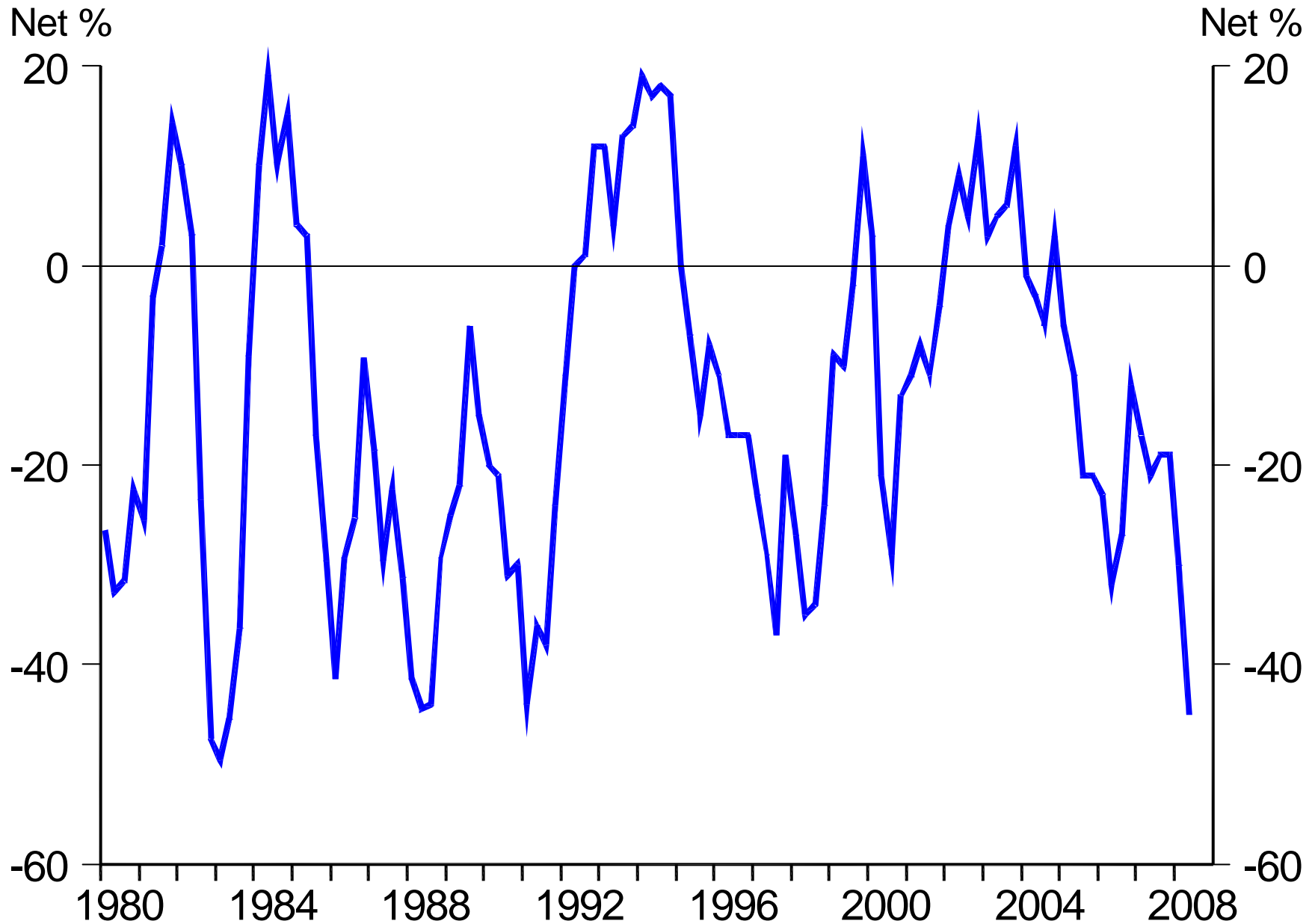
Dry weather impacting



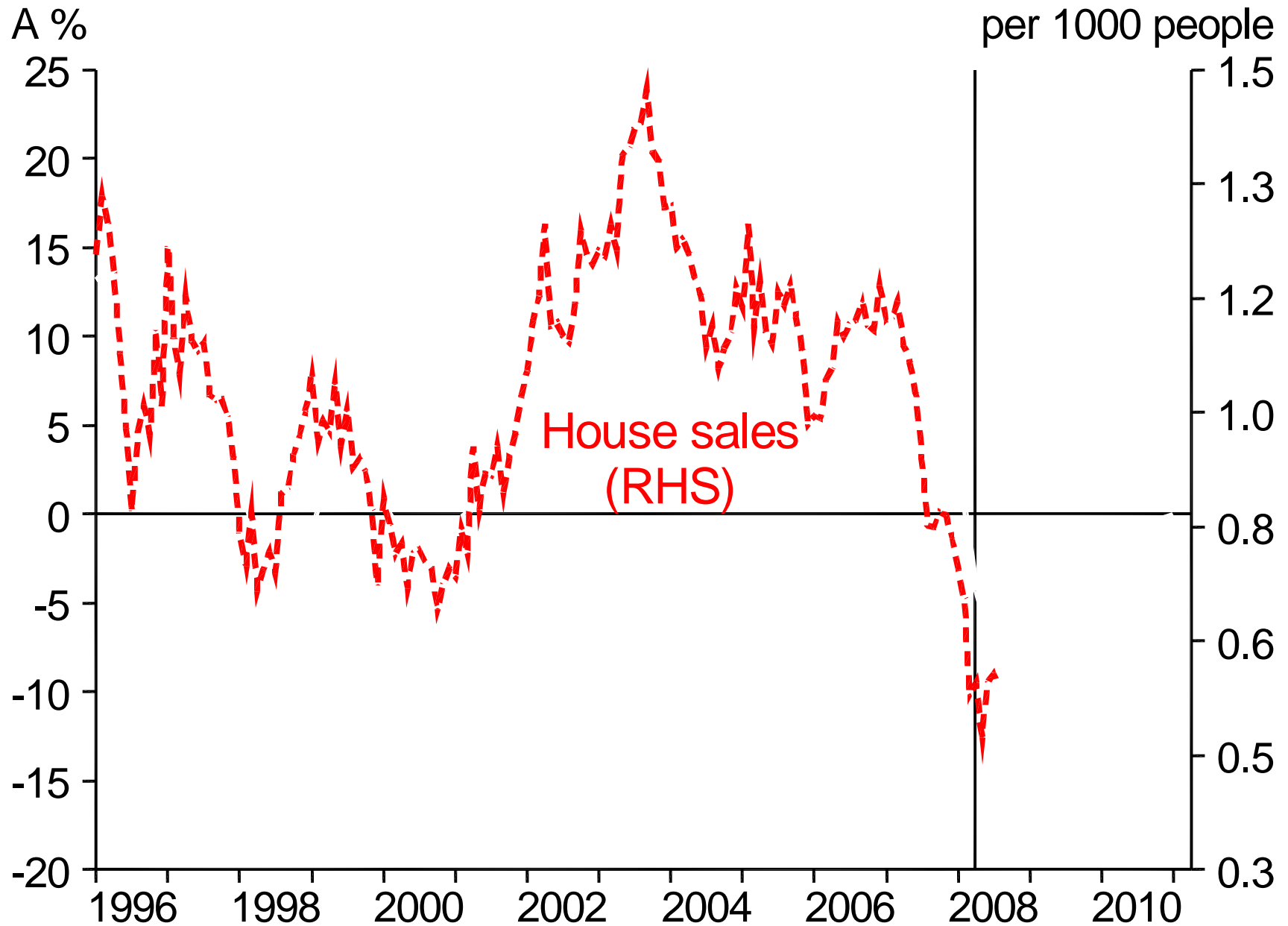
Dry weather impacting



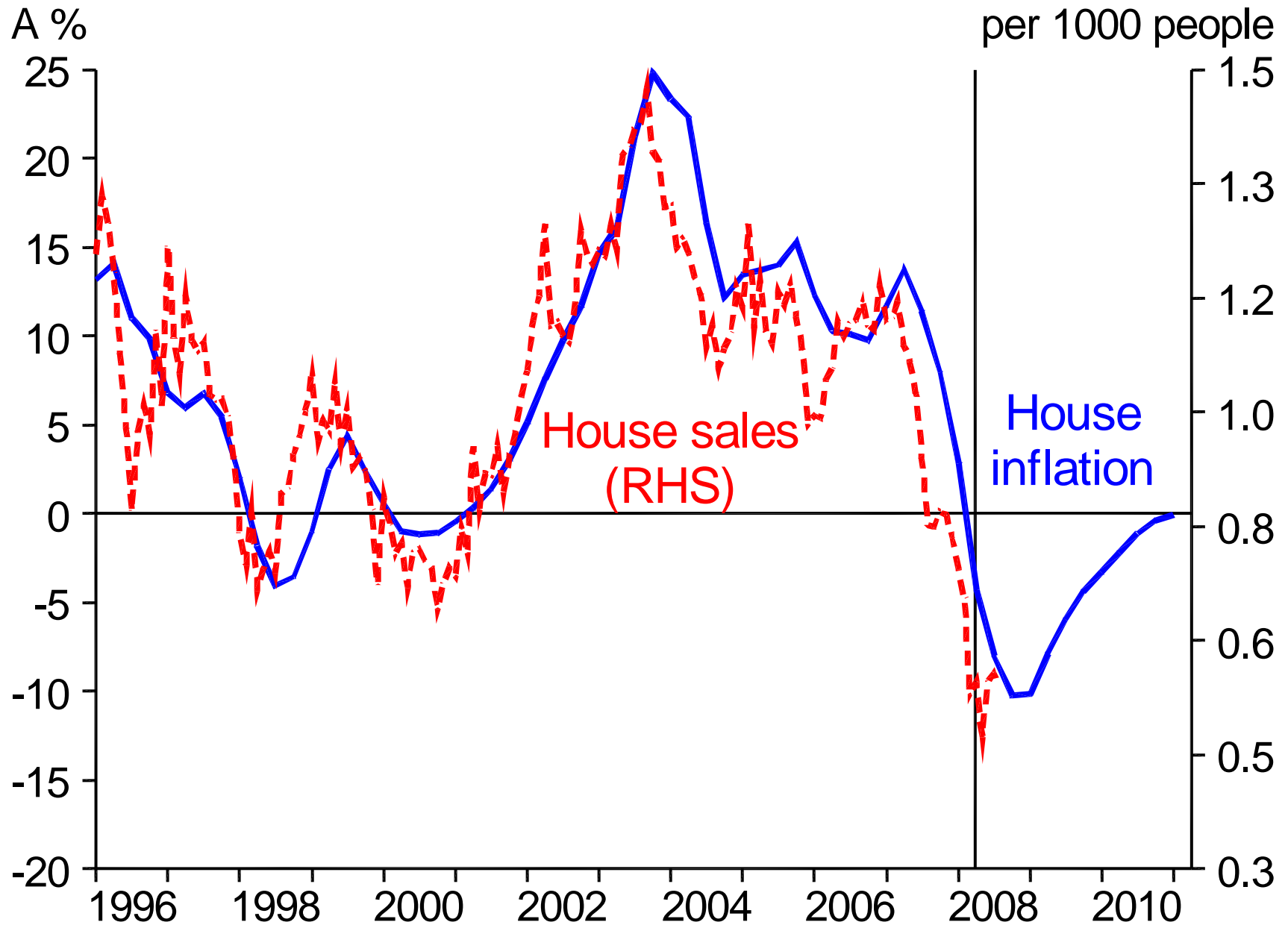
Firms experiencing declining profits



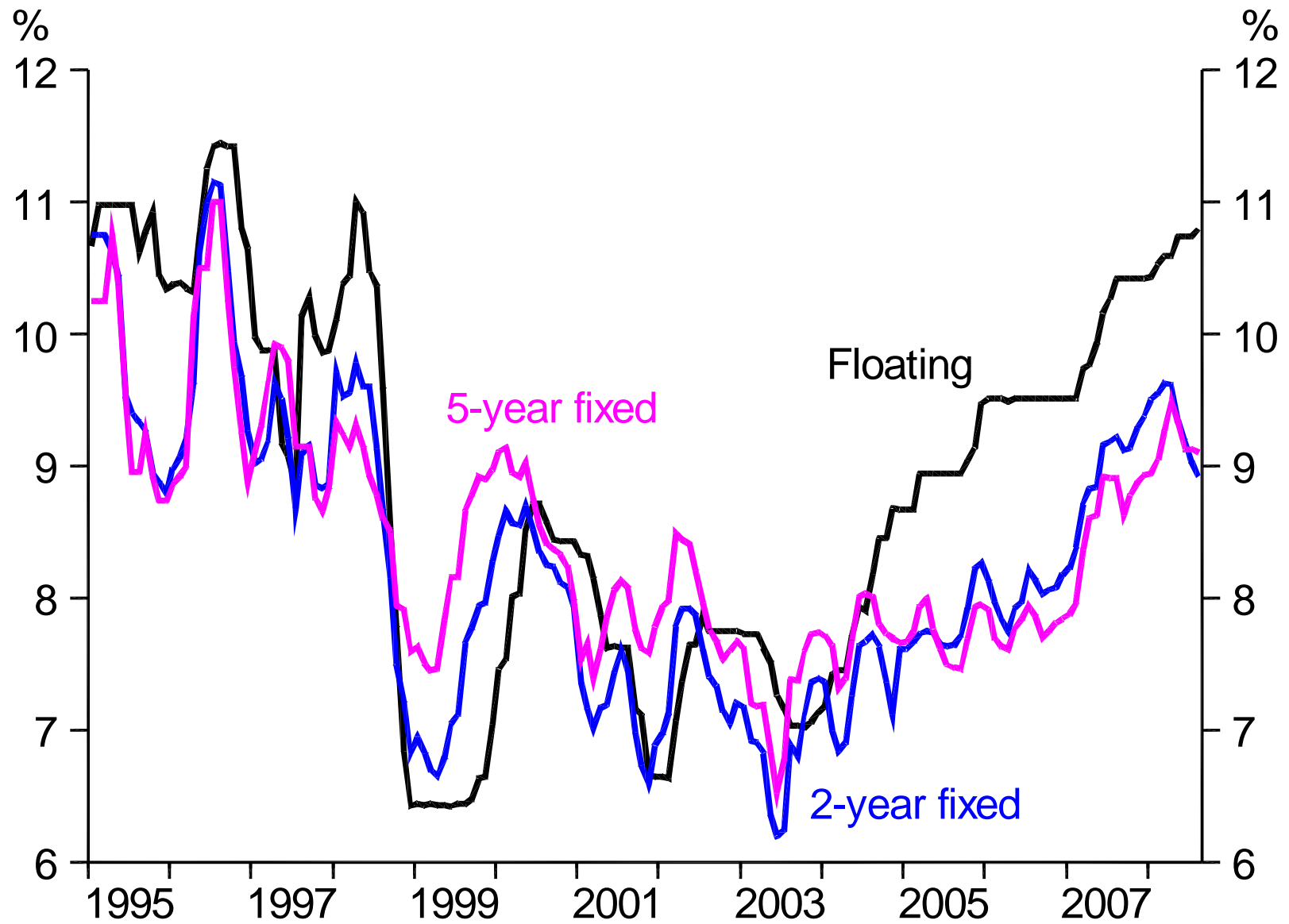
Housing market correction



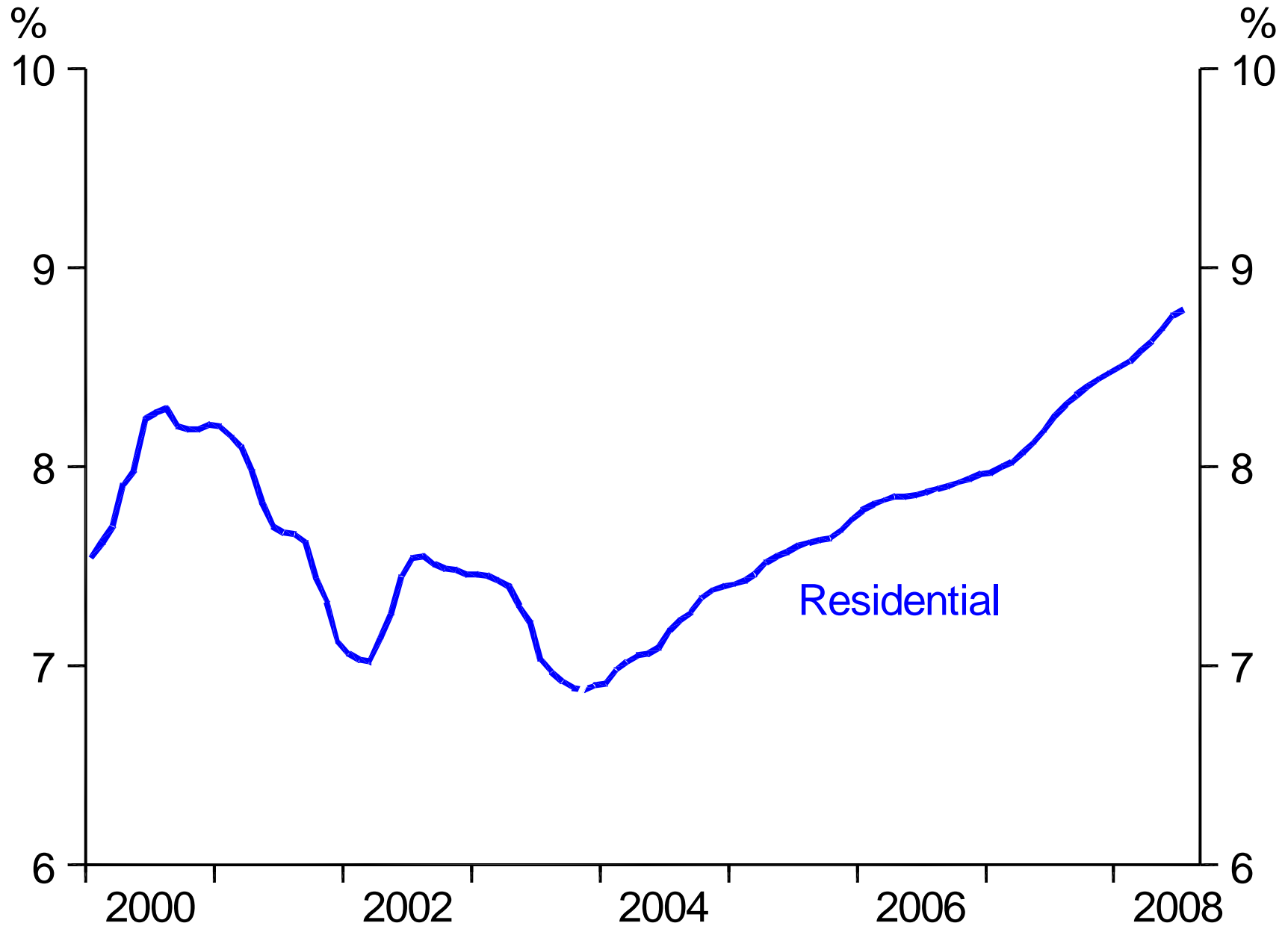
Housing market correction



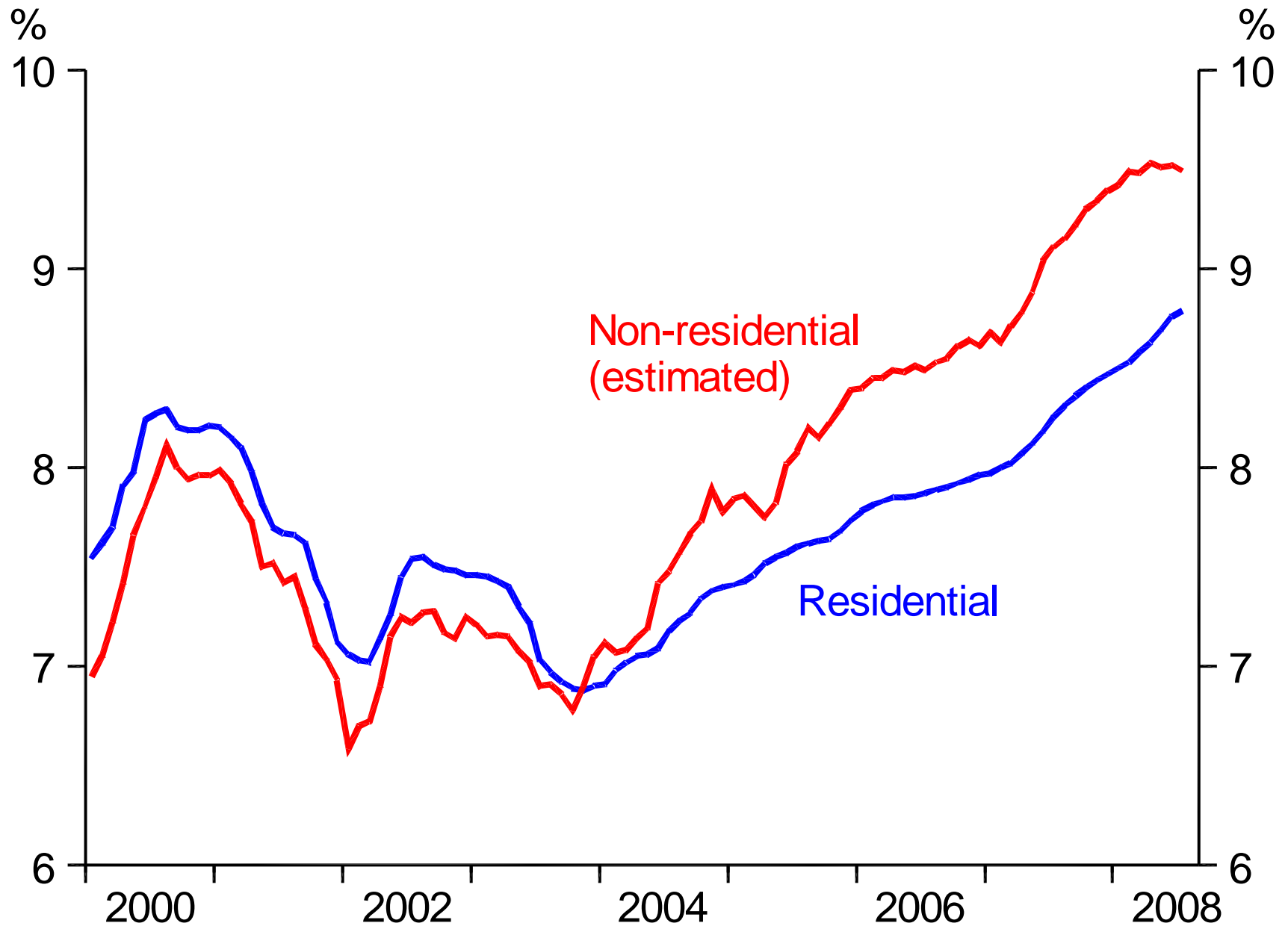
The mortgage market



Effective interest rates have been rising



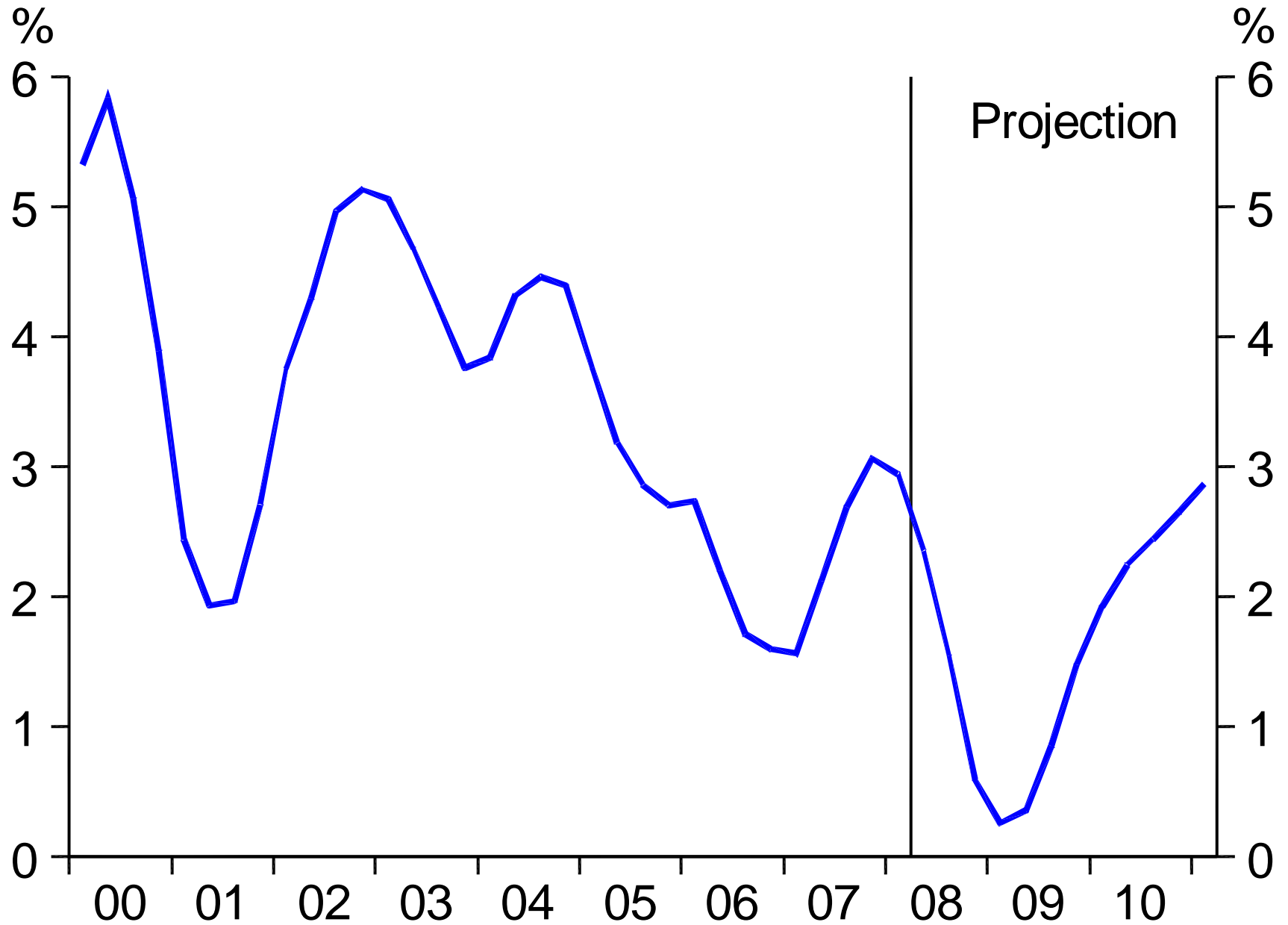
Effective interest rates have been rising



Weighing on household spending

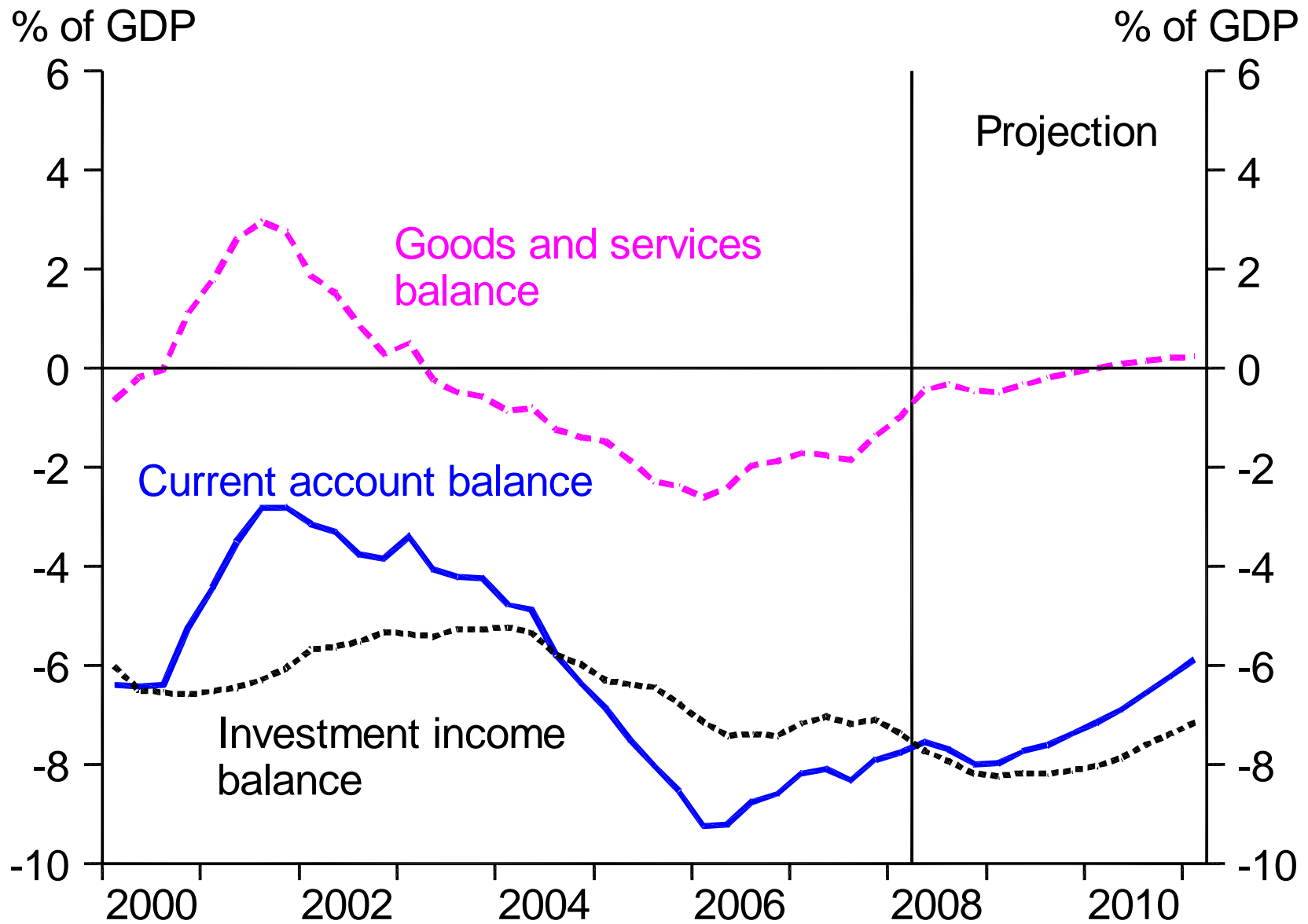


Very weak NZ activity

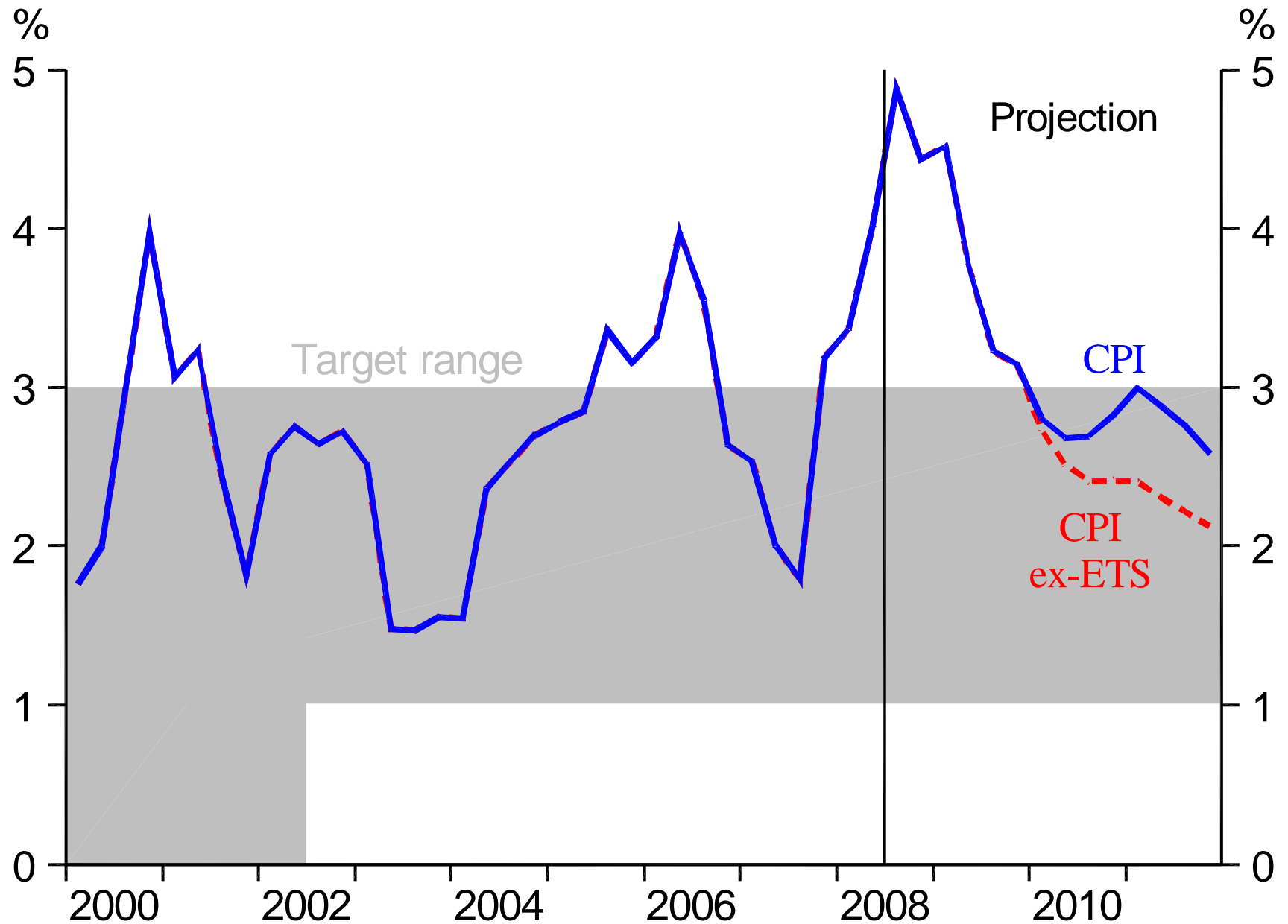


Projection

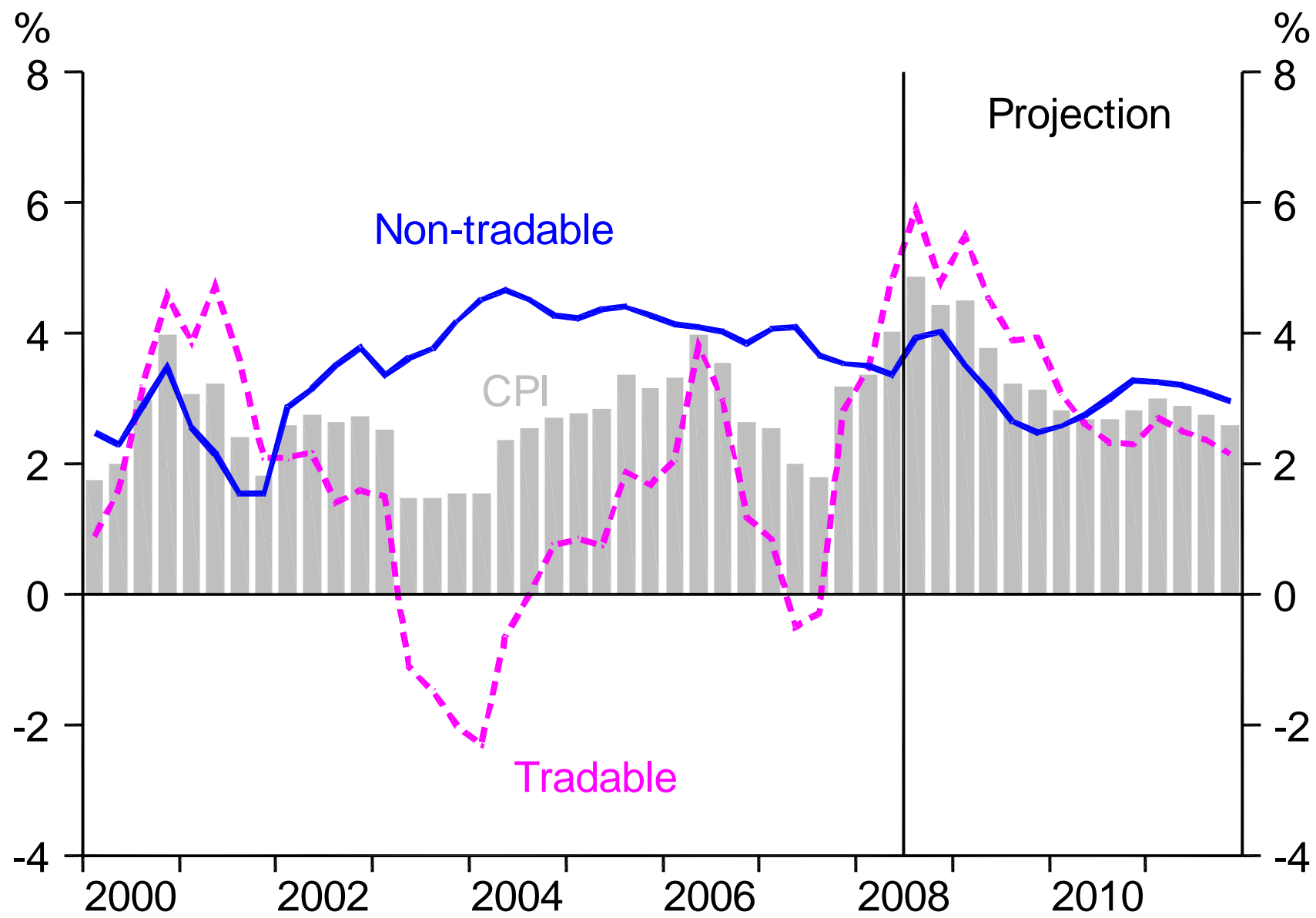
Economy re-balancing



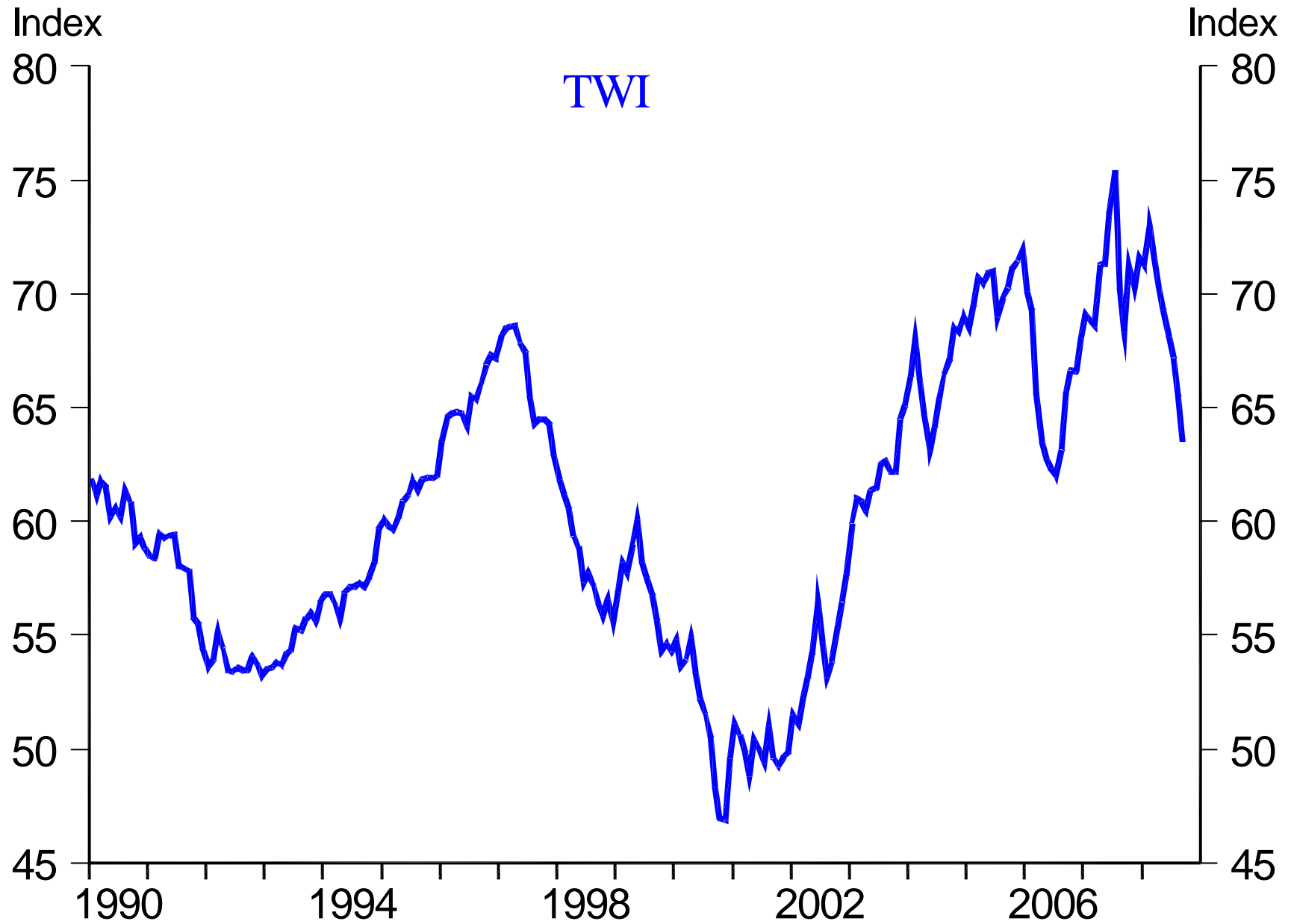
But inflation pressures persist



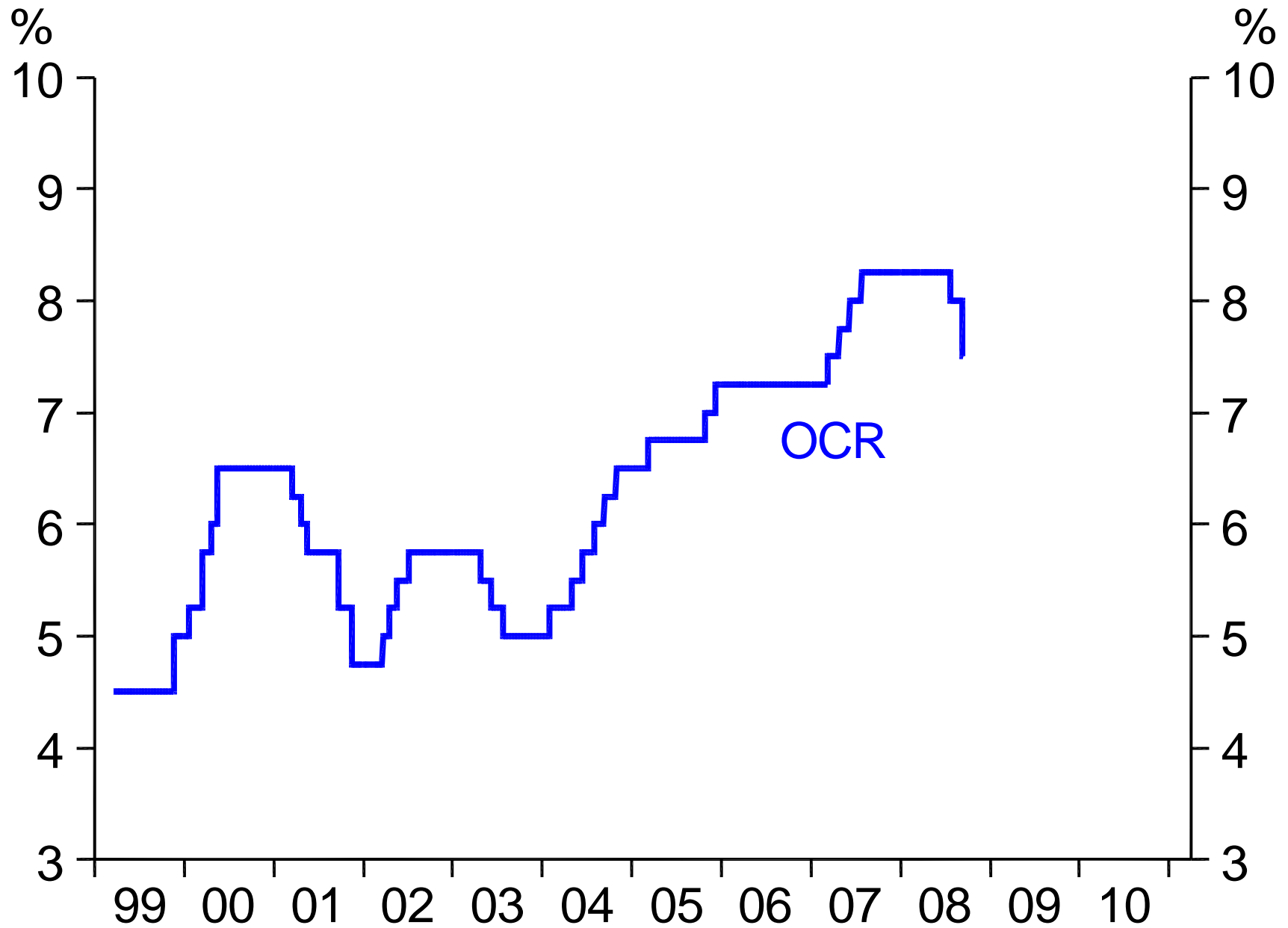
Non-tradable inflation important



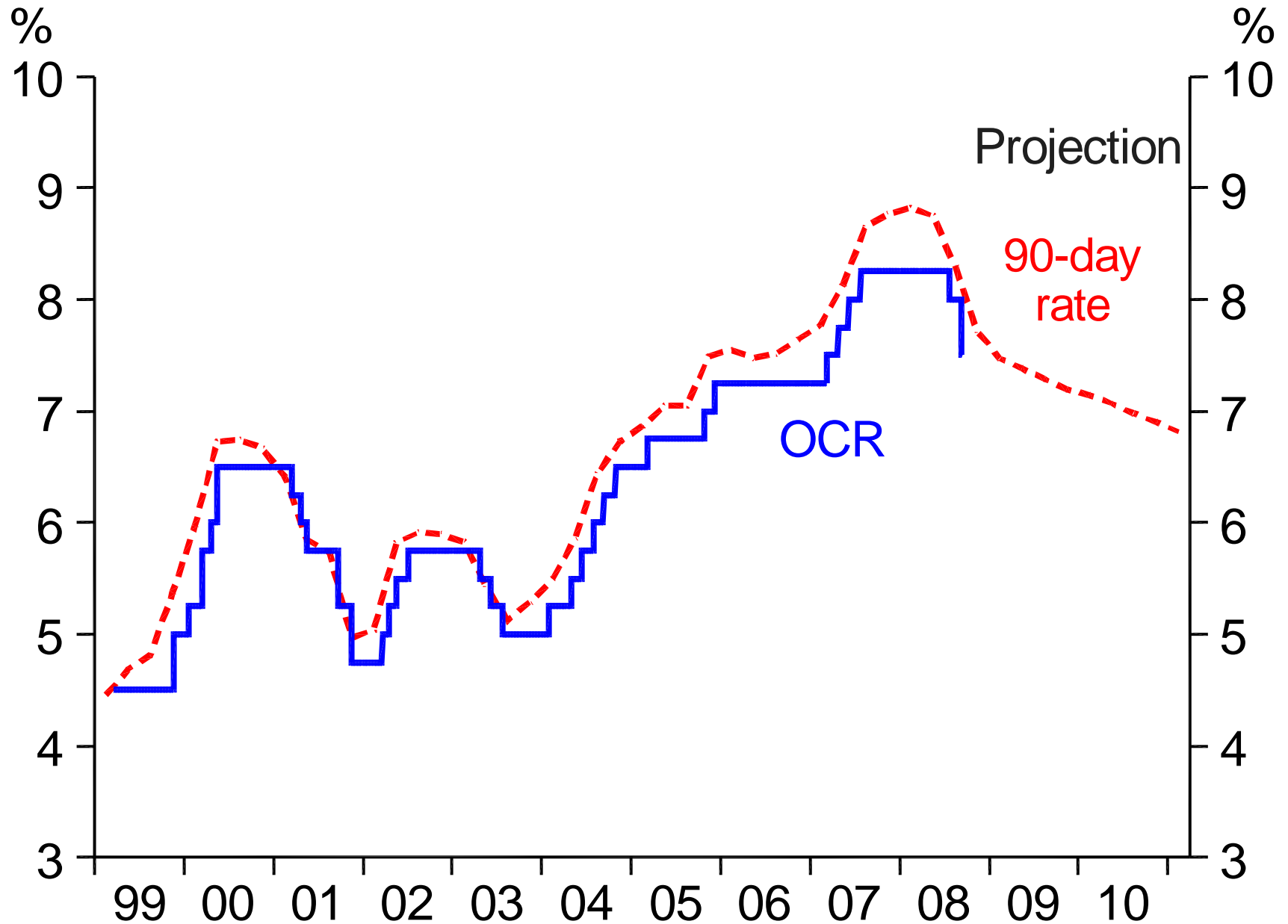
Monetary conditions to ease



Monetary conditions to ease



Monetary conditions to ease





End of presentation