

NZ and the World Economy

Challenges and Opportunities

or

Life after the recession

presentation to LGNZ 2009 Conference

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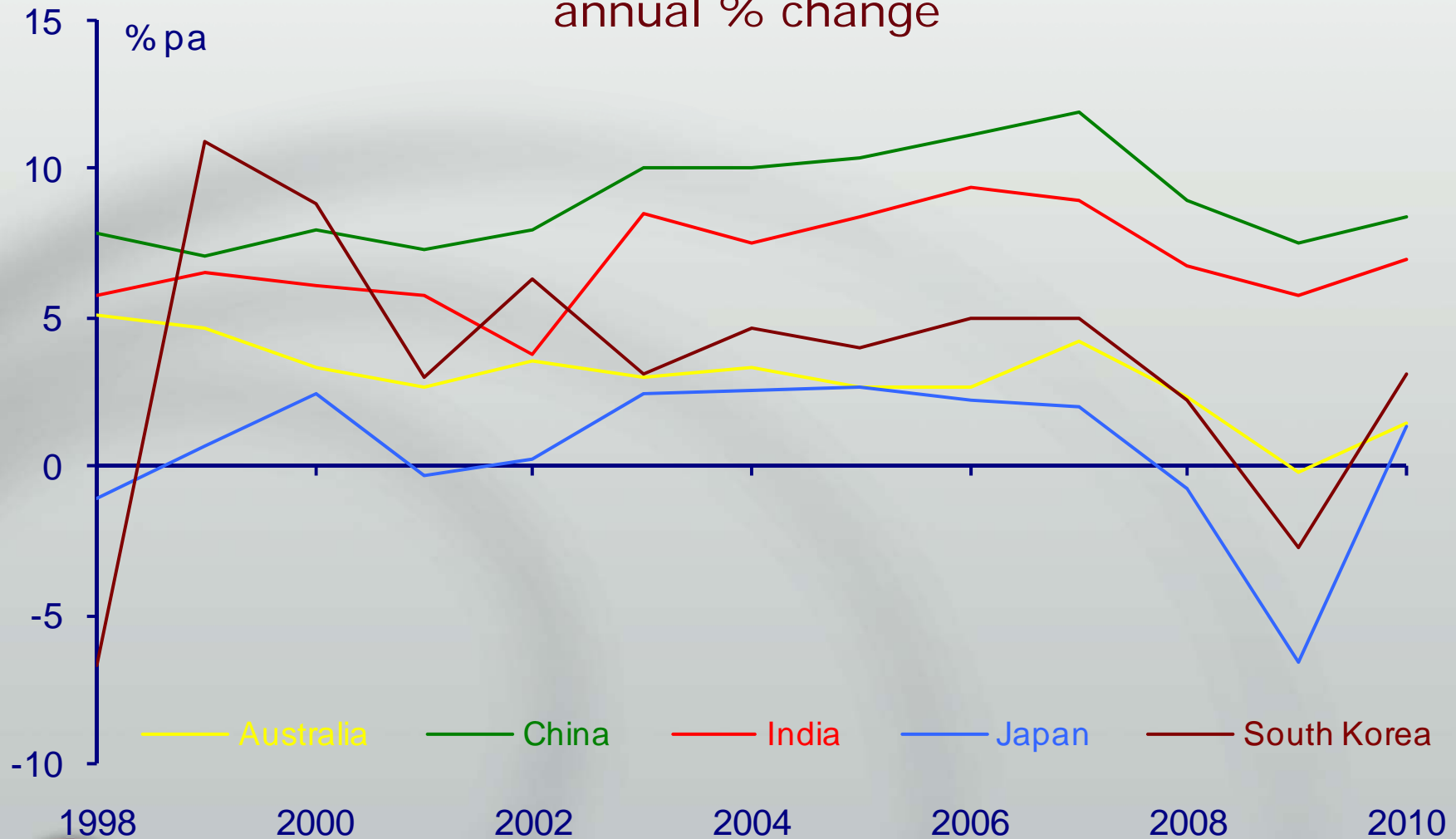
*LGNZ Conference – Life after the recession- 270709
slide 1*

Agenda

- where are we?
- haven't we been here before?
- what's next?

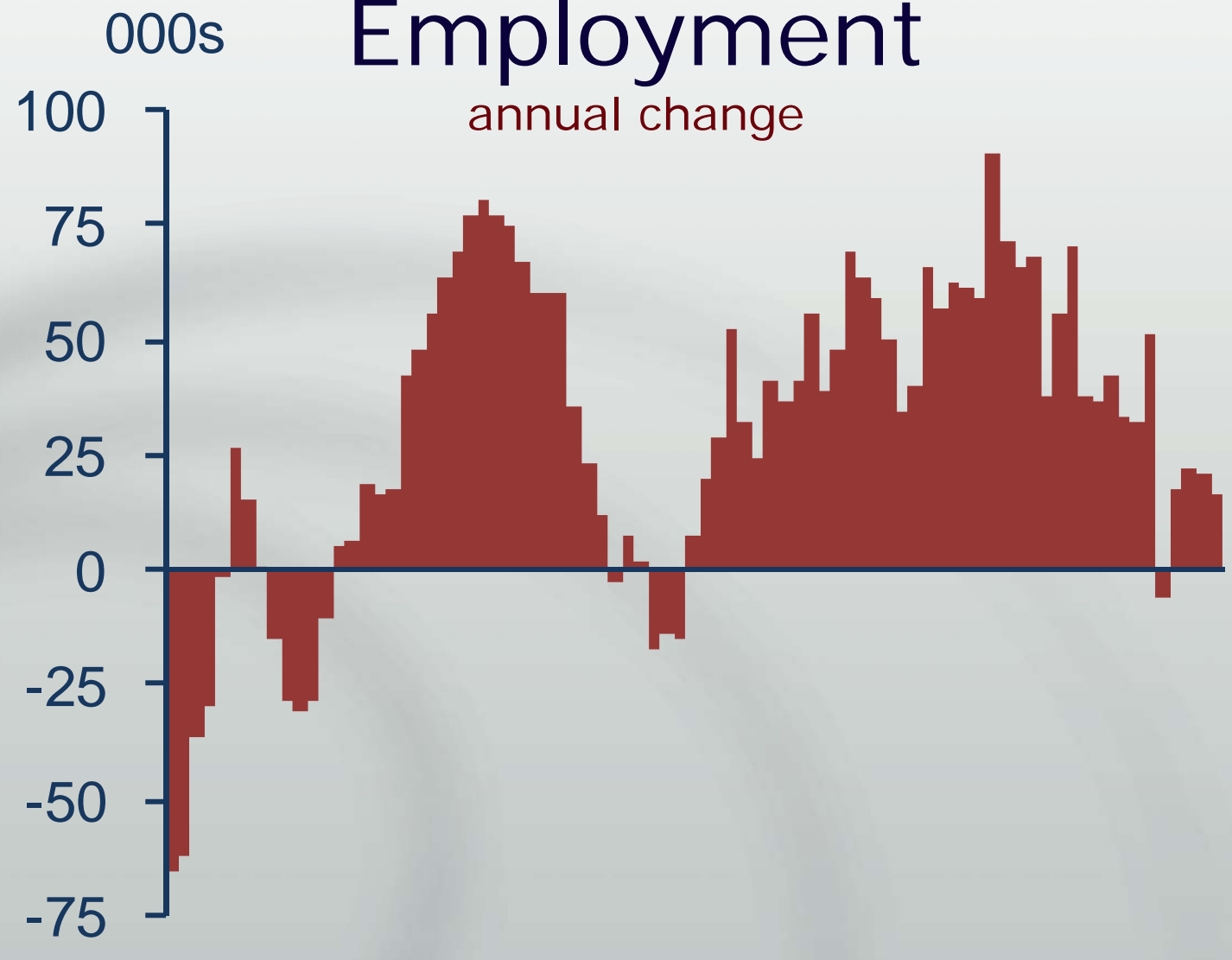
Real GDP

annual % change



Employment

annual change

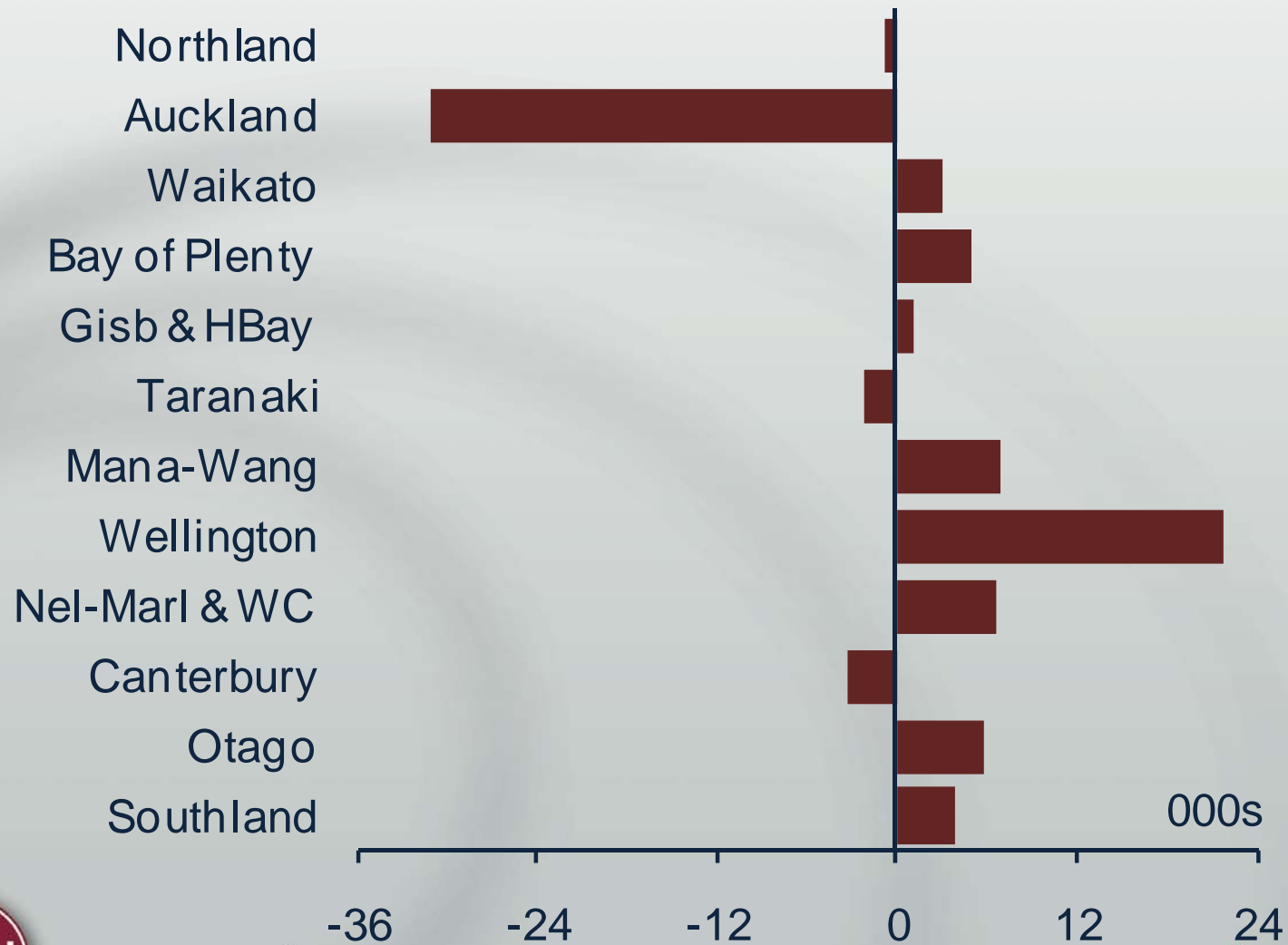


Mar 89 Mar 93 Mar 97 Mar 01 Mar 05 Mar 09
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Employment

Annual growth: Mar 09 cf Mar 08



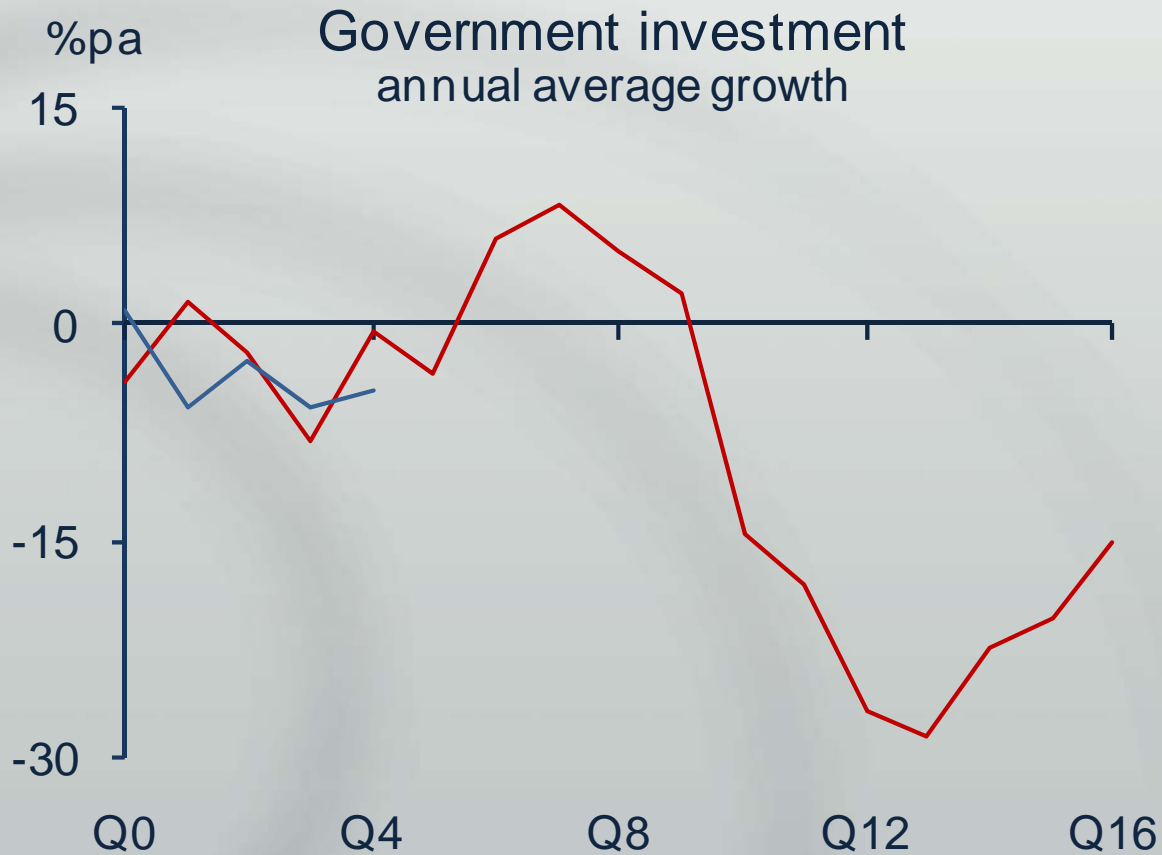
A couple of stories

— Q0=Mar 89 — Q0=Mar 08



A couple of stories

— Q0=Mar 89 — Q0=Mar 08

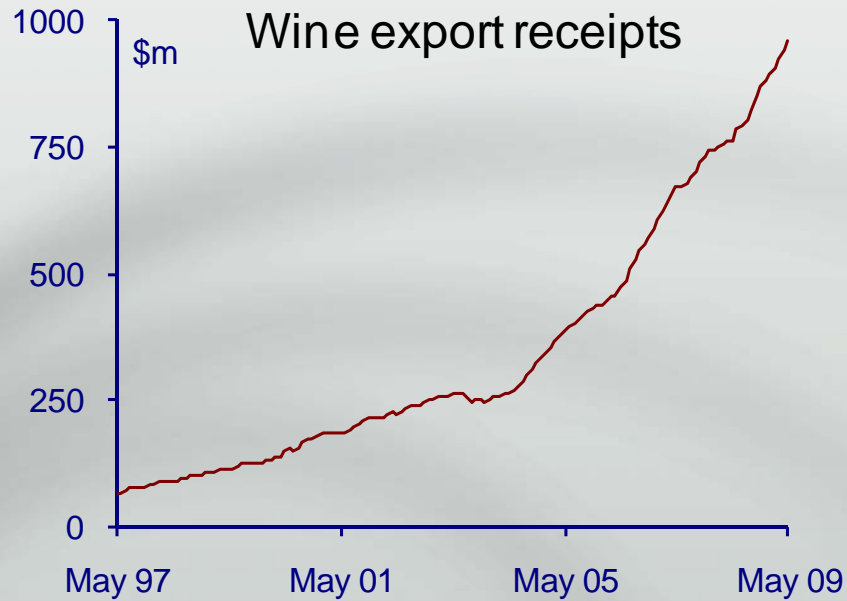


After the recession ...

“Looking beyond our present circumstances, our future depends on our ability to export.”

Budget Speech, July 1980

The good...

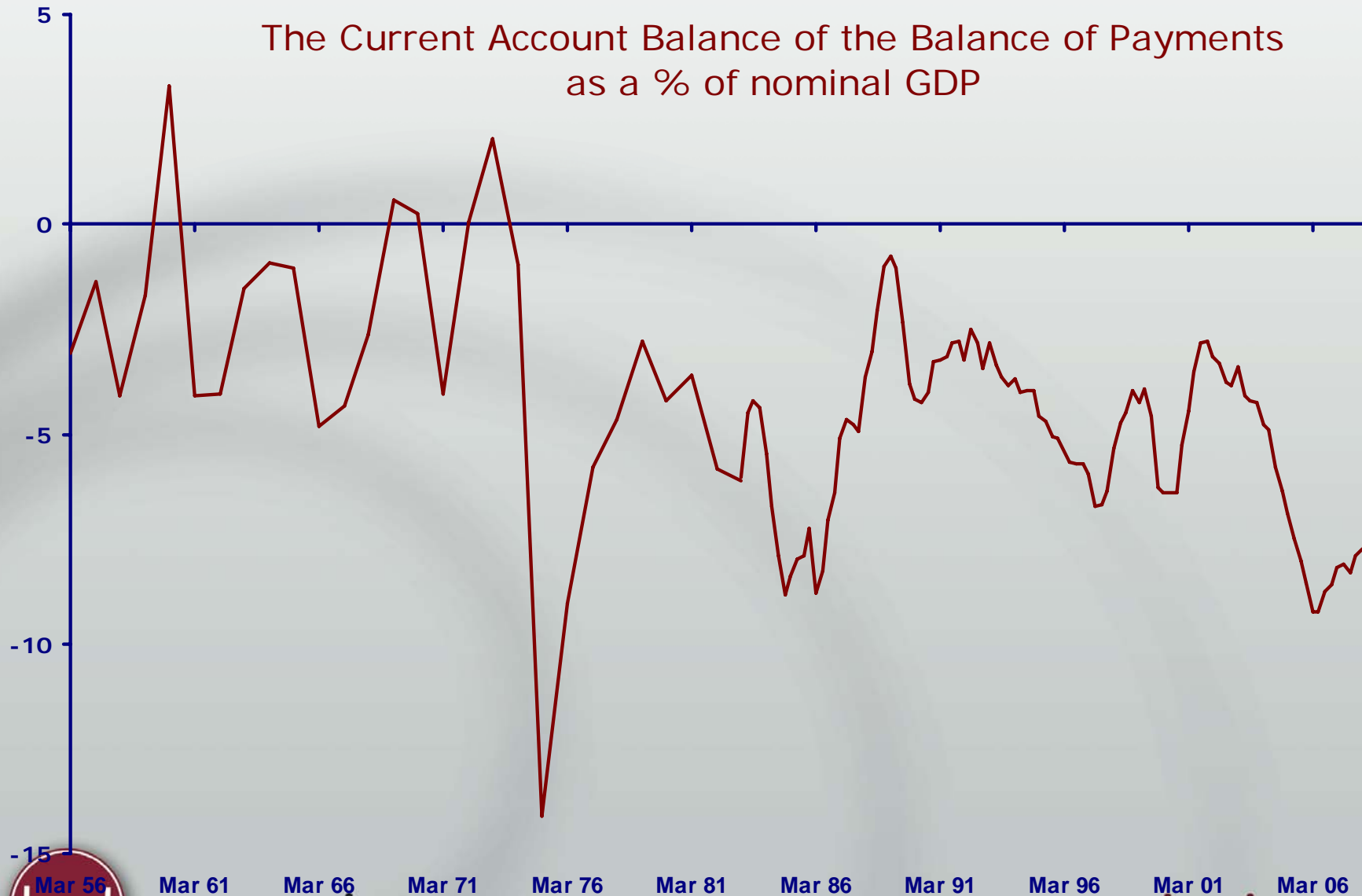


... the bad ...



The Achilles' Heel of the NZ Economy

The Current Account Balance of the Balance of Payments
as a % of nominal GDP



Mar 56
Mar 61
Mar 66
Mar 71
Mar 76
Mar 81
Mar 86
Mar 91
Mar 96
Mar 01
Mar 06

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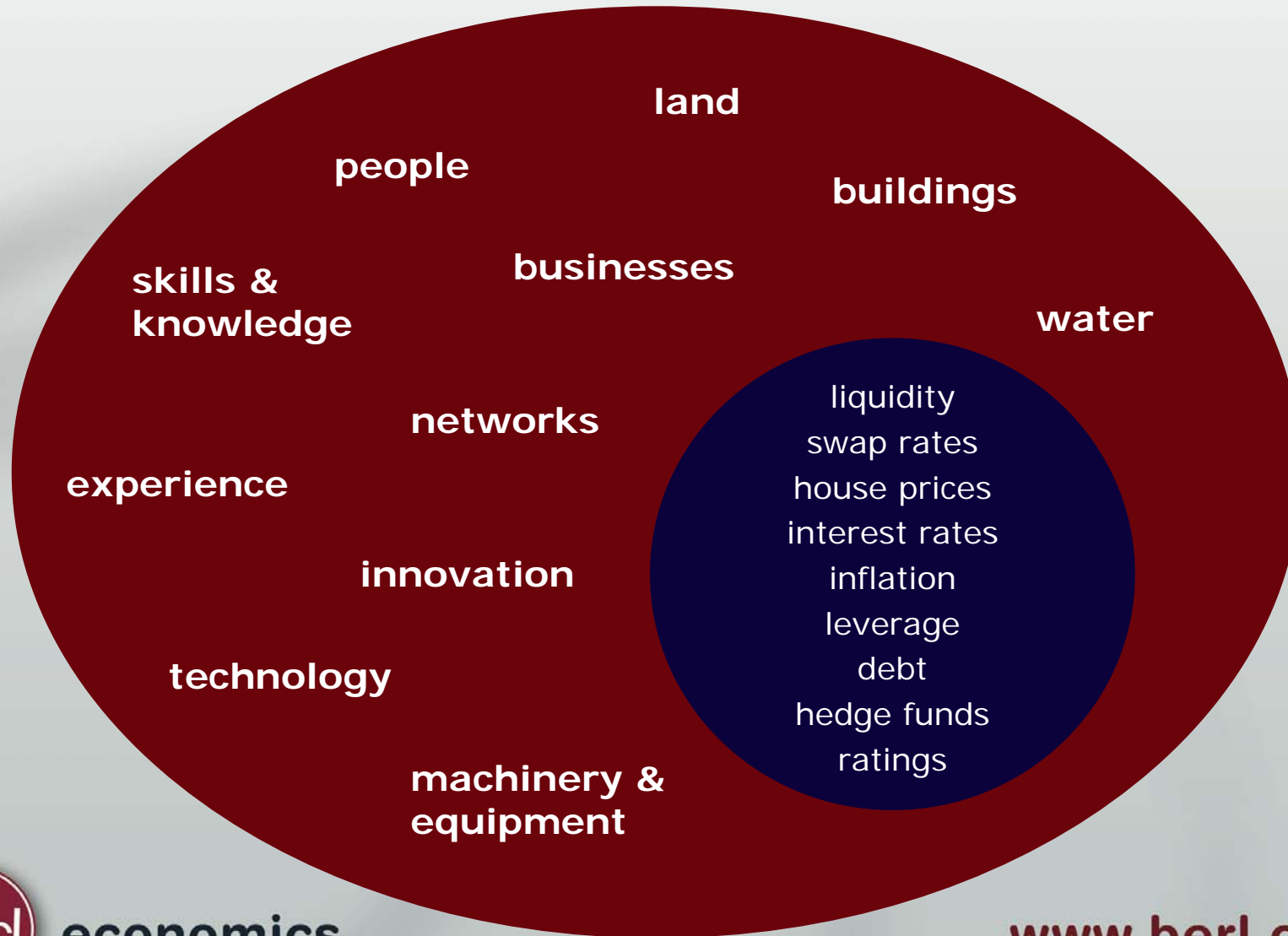
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Economics is ...

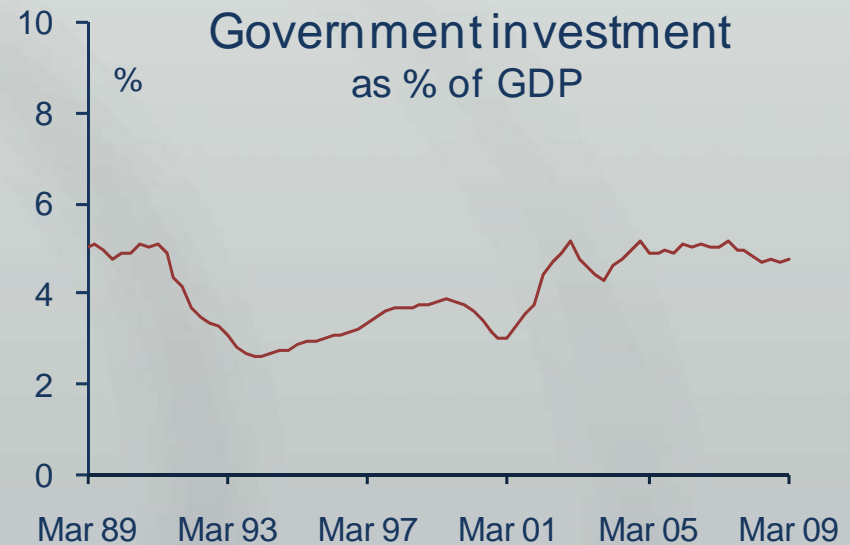


liquidity
swap rates
house prices
interest rates
inflation
leverage
debt
hedge funds
ratings

Economics is ...



How much are we investing for the future?

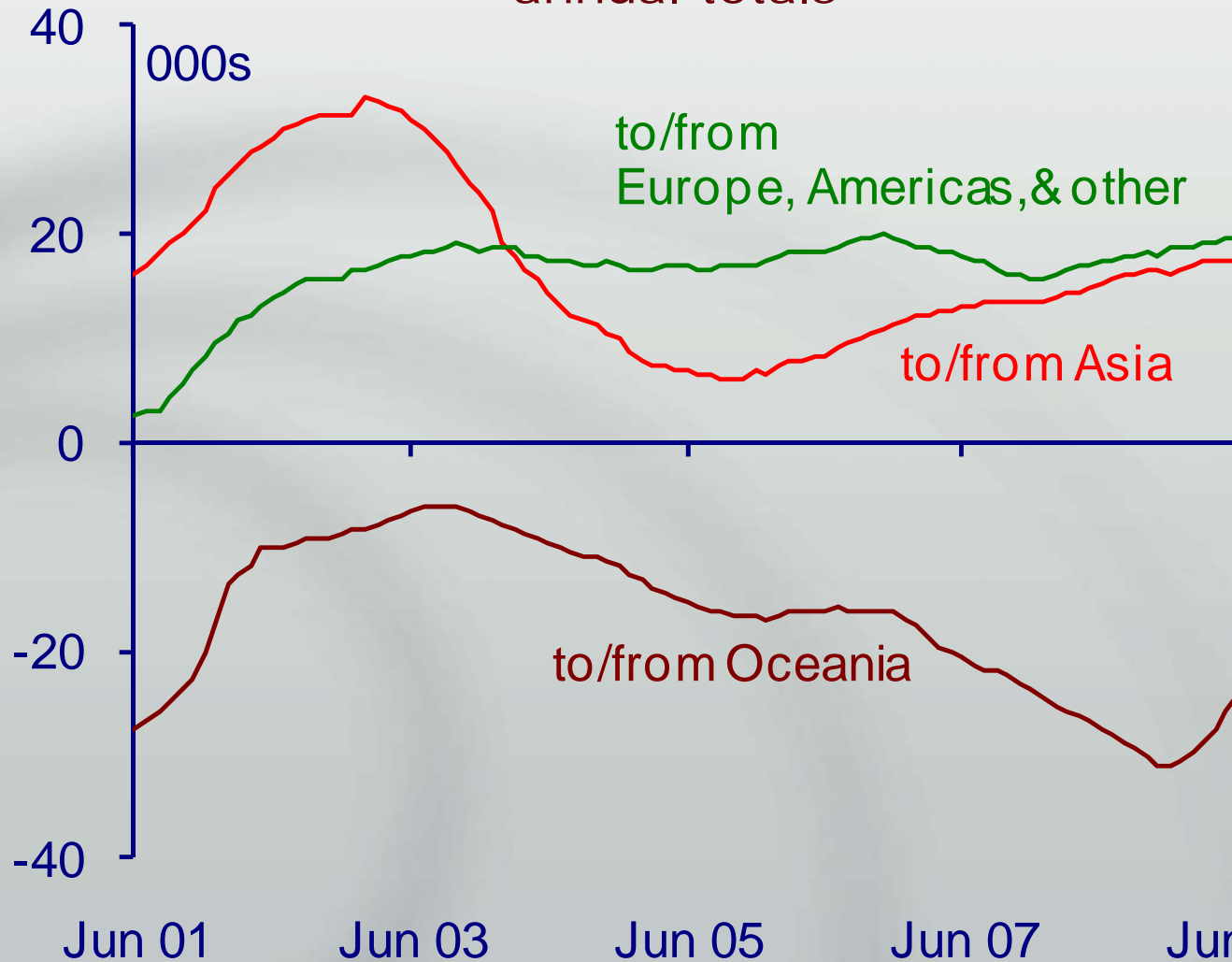


Myths

- the recession has changed everything
- government is big and is growing
 - * current spend = 19% of GDP (18% in '88)
 - * investment spend = 5% of GDP (6% in '88)
- spending is bad
- debt is bad
- business is bad
- “we can't afford it”

Net migration to NZ

annual totals



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After the recession (2)

“Growth in New Zealand will be propelled by technological change, investment and higher productivity.”

Budget Speech, July 1978