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Session on Pricing in Global Markets
Comments on the New Zealand Experience

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NZ a price taker on global markets

NZ commodity prices (NZ$)
NZ a price taker on global markets

NZ commodity prices (NZ$)

Export price index
NZ house prices traditionally driven by immigration

[Graph showing house price inflation from 1991 to 2006, with a rise in the early 2000s.]

House price inflation (RHS)
NZ house prices traditionally driven by immigration

[Graph showing the relationship between net immigration and house price inflation.]

- Household price inflation (RHS)
- Net immigration
House price levels interlinked
House price levels interlinked
House price levels interlinked
Agricultural land prices also linked
Agricultural land prices also linked
NZ debt markets increasingly linked globally
NZ debt markets increasingly linked globally

90 day rate spread

5 yr swap spread
We cannot control the mix

90 day rate spread (NZ-US)
We cannot control the mix
With the interest rate spread attracting capital

NZ-US 2 year swap spread
With the interest rate spread attracting capital

Eurokiwi/Uridashi Issues (RHS)

NZ-US 2 year swap spread
And slower response to monetary policy
And slower response to monetary policy