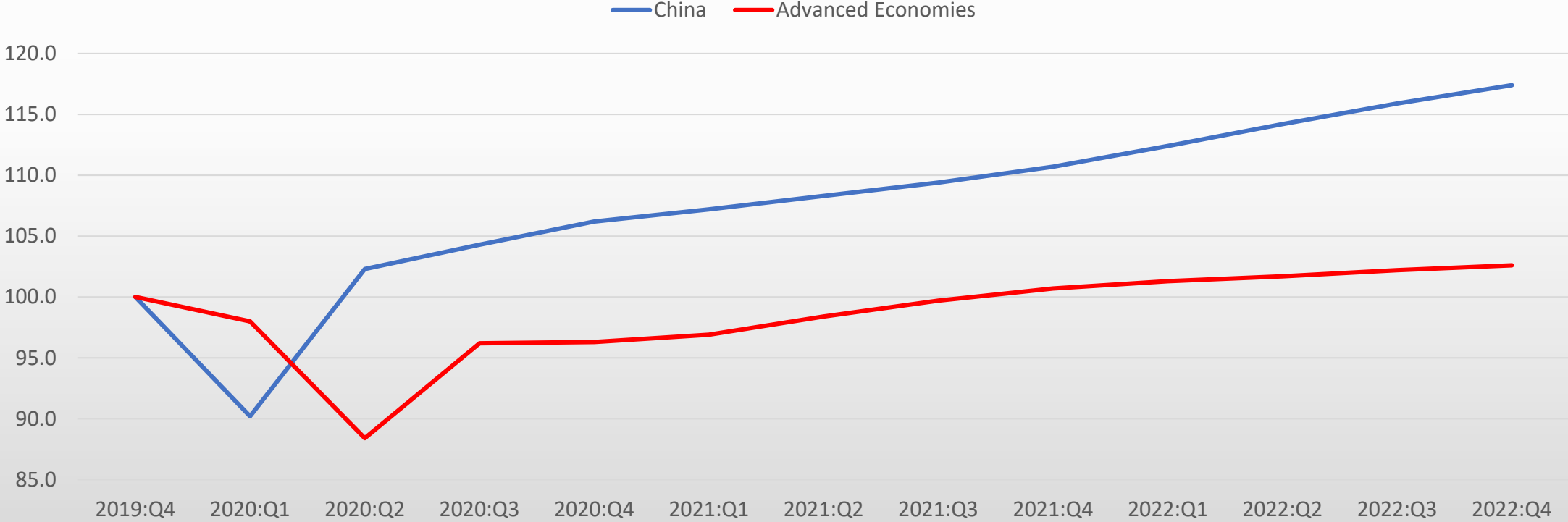


The global recovery from Covid-19 and what it means for New Zealand

John McDermott

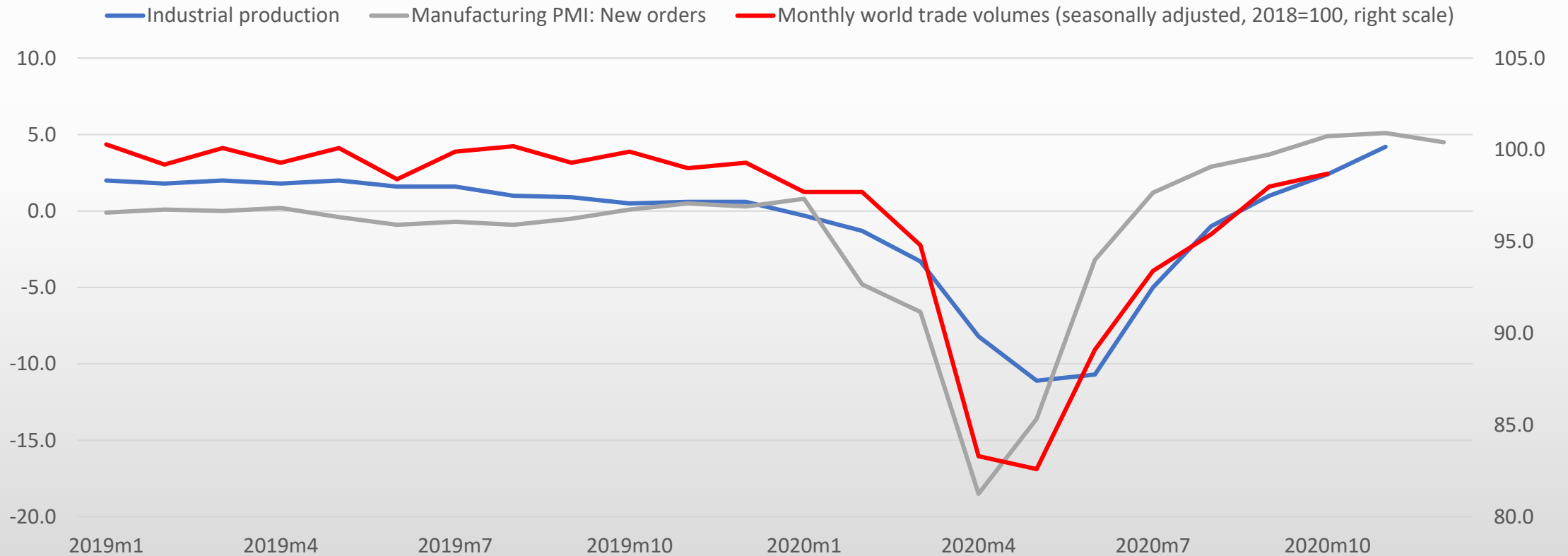
The world economy is recovering

IMF forecasts of output
(Index, 2019Q4=100)



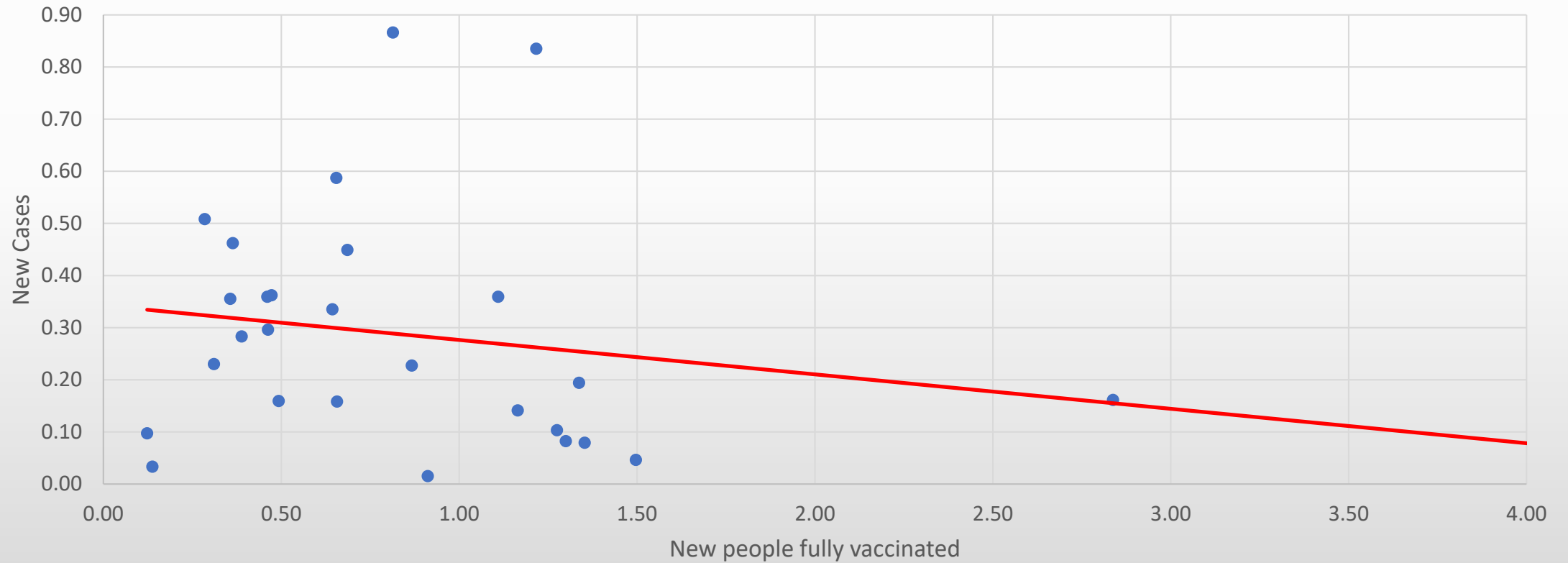
High frequency data shows the pace of economic recovery is slowing

Global Activity Indicators

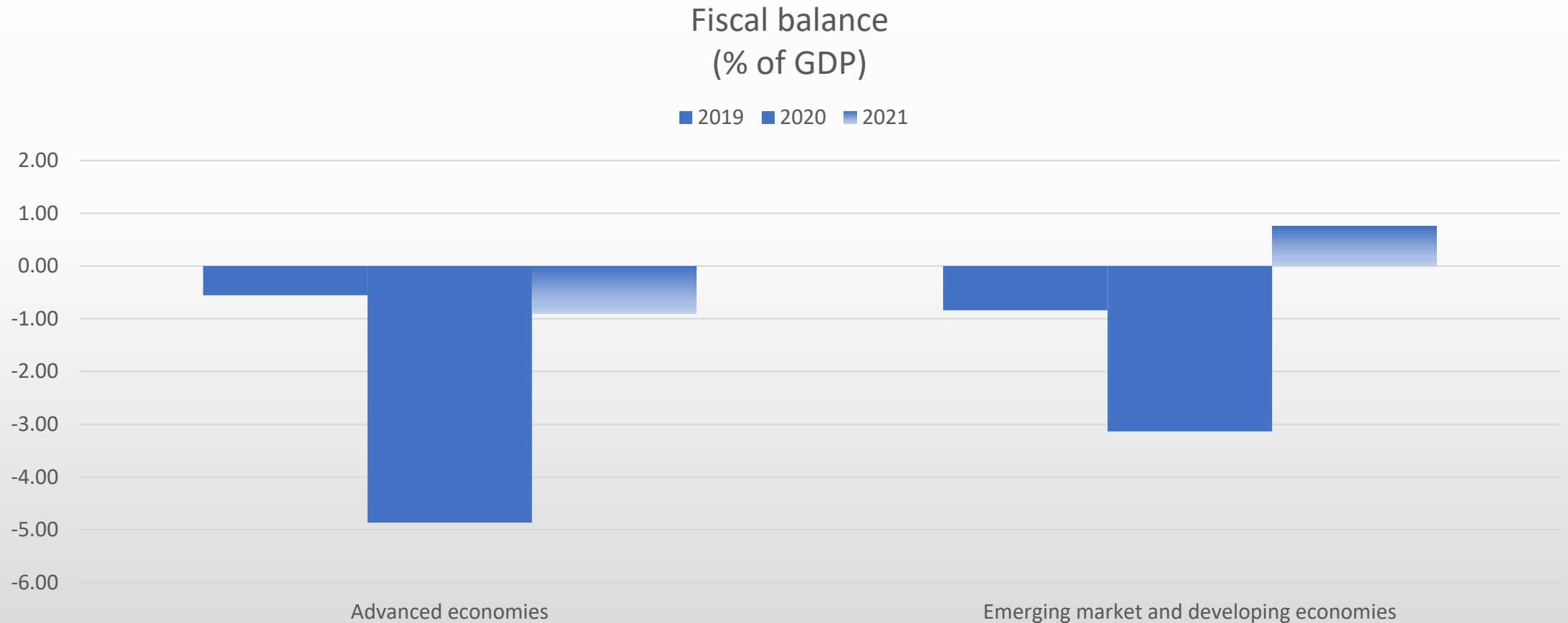


As the vaccines roll out new cases will fall

Virus vs the Vaccines

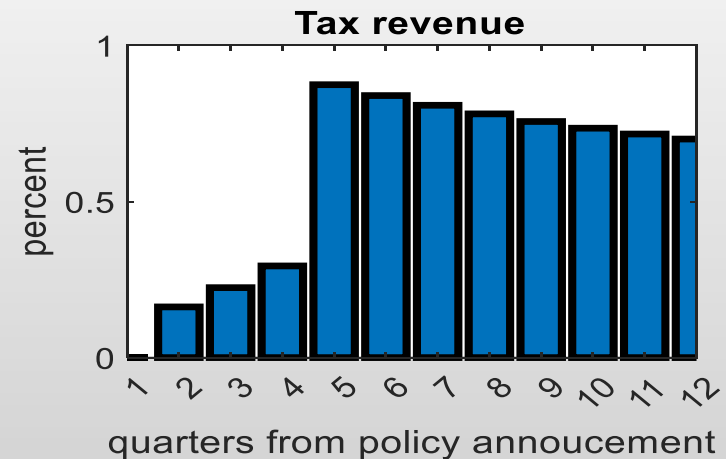
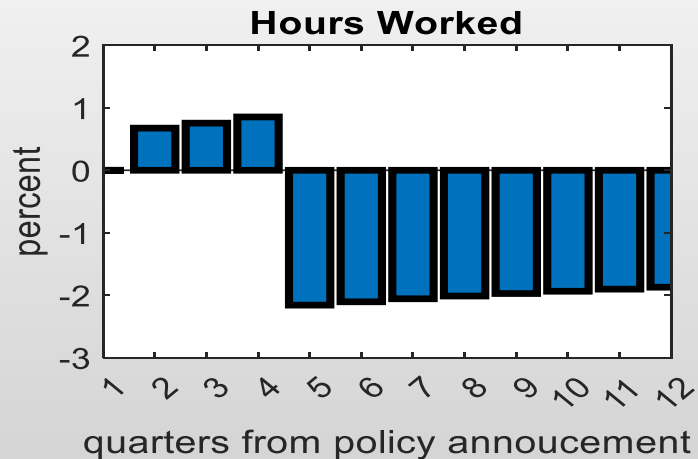
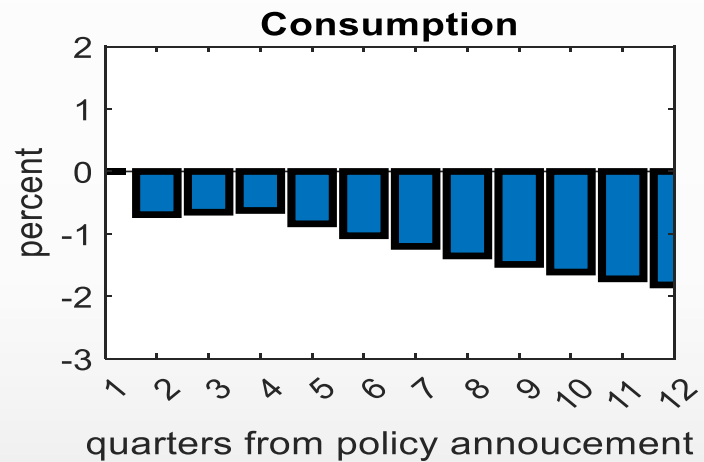
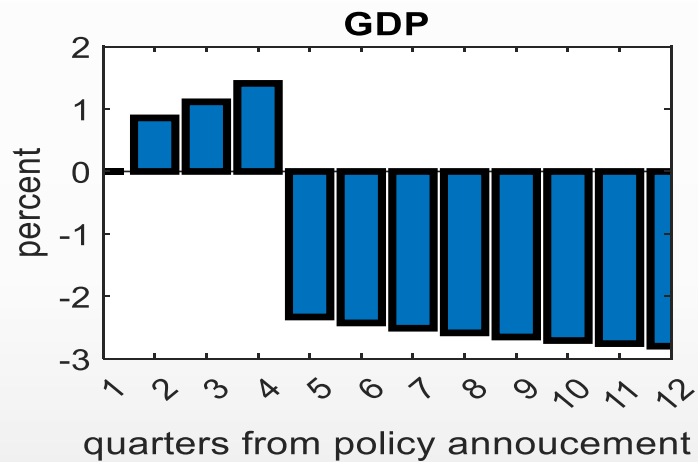


Global fiscal policy is expected to remain accommodative



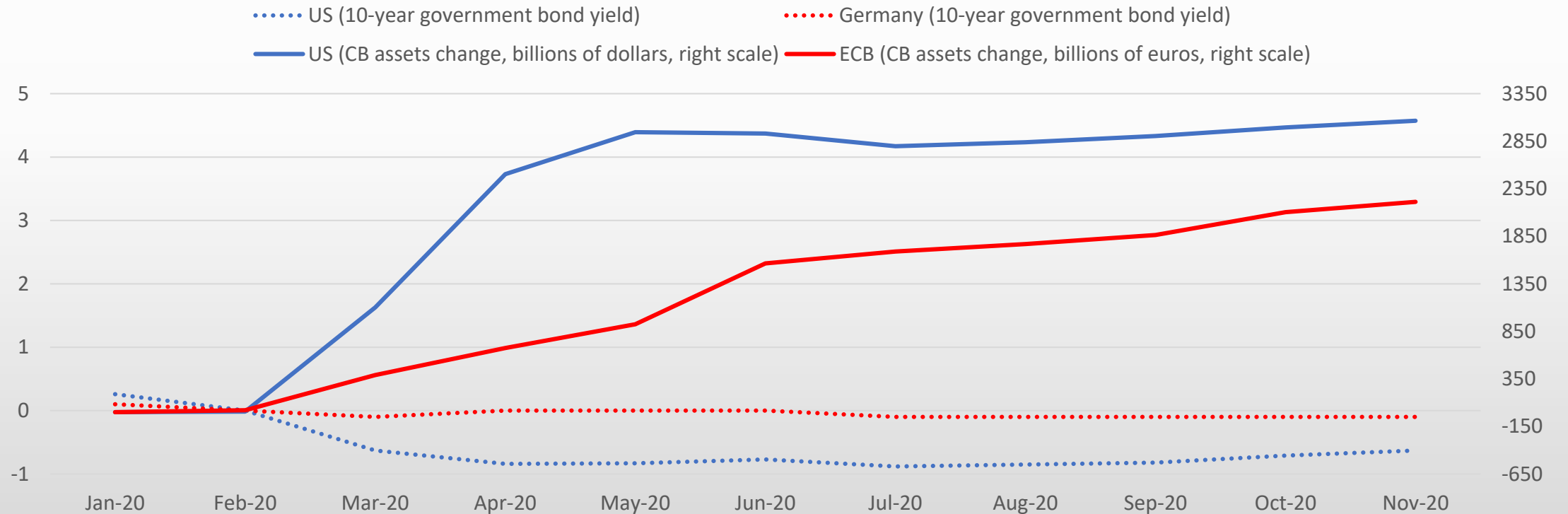
New Zealand is consolidating its fiscal position, perhaps too early

Impacts of an increase in the income tax rate

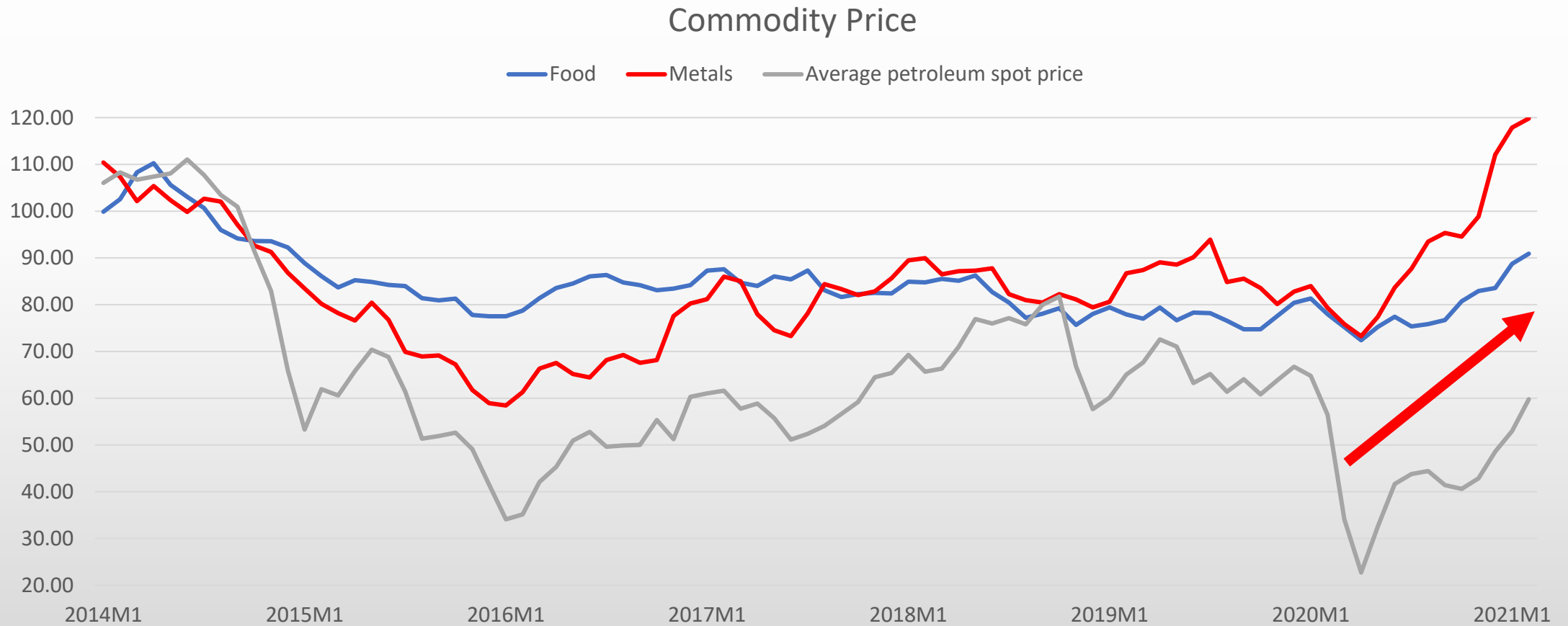


Unbelievably accommodative!

Monetary Policy Measures
(change from the start of the pandemic)

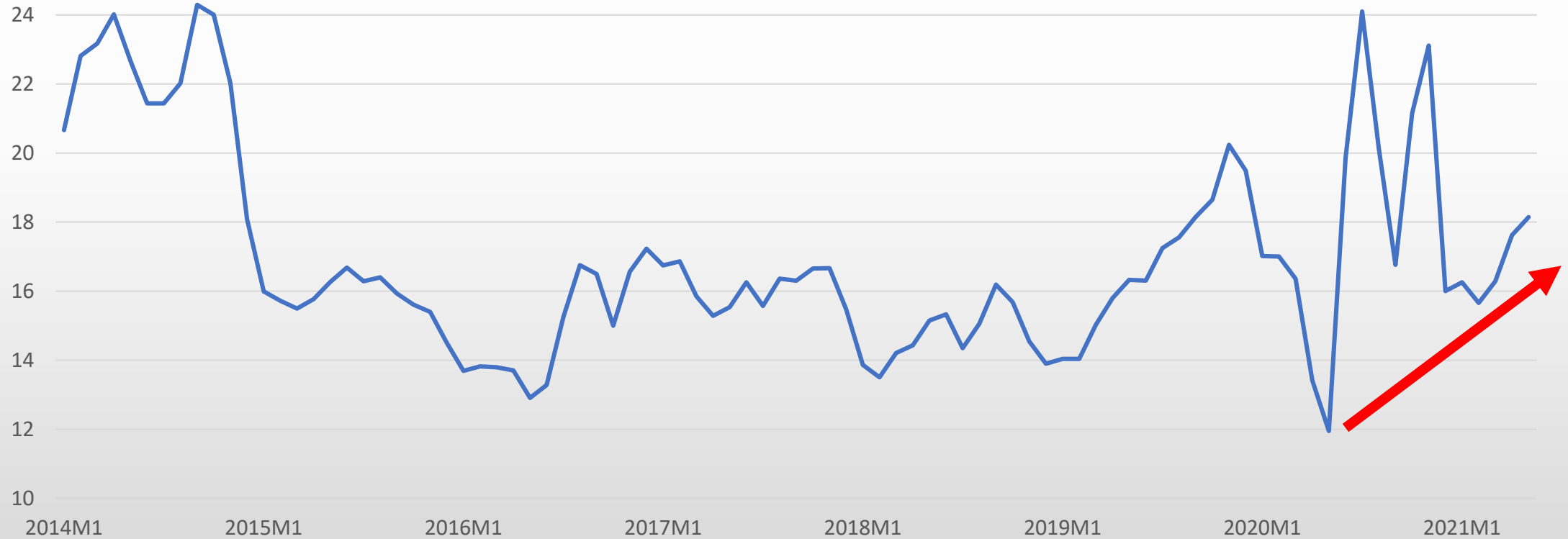


Economic rebound has lifted commodity prices

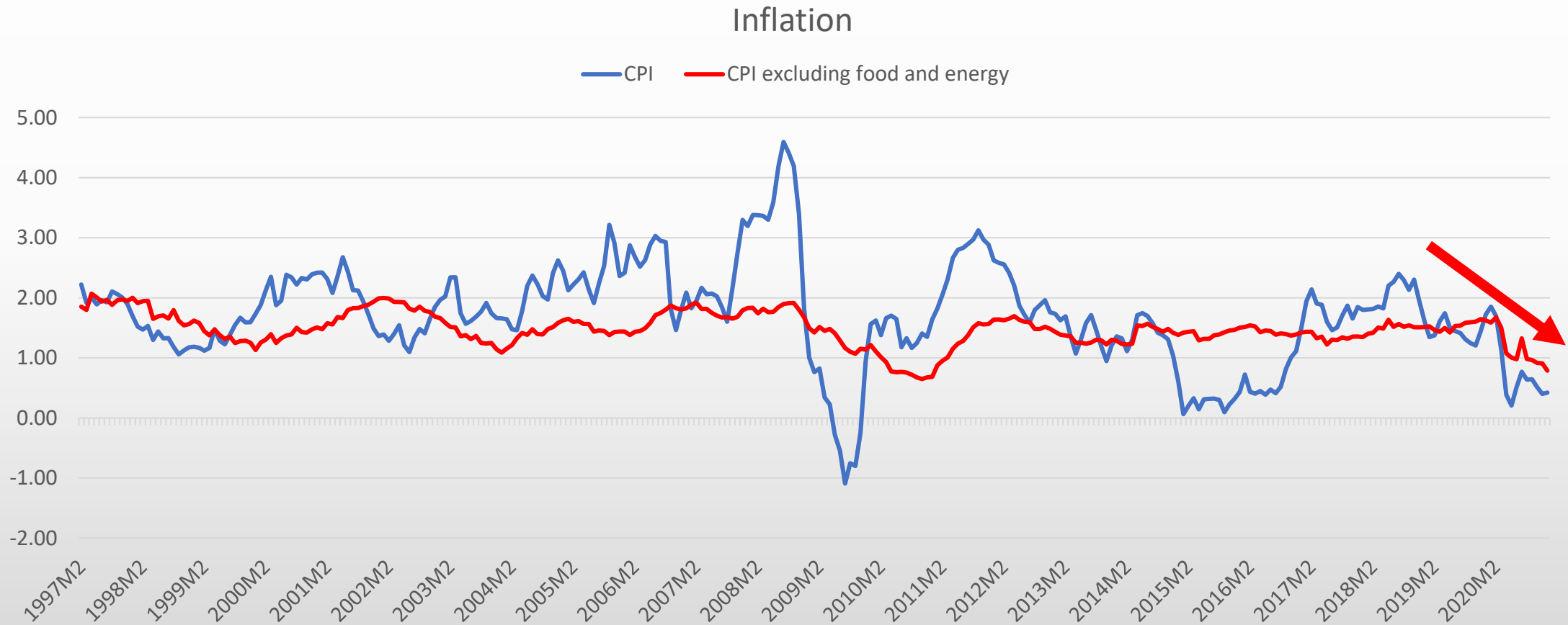


One of NZ's main export prices is improving

Milk Prices



Global inflation is low, in line with weak economies



In the future, inflation is expected to be higher

