

## **New Zealand Debit, Credit Card Spending Rose 1.1%**

September 22, 2008

New Zealand consumer spending on debit, credit and store cards rose for a second straight month in August, driven by higher prices for food and purchases of consumer goods.

The value of transactions on electronic cards at retailers increased 1.1 percent from July, Statistics New Zealand said in a statement released in Wellington today. Transactions excluding fuel, workshop and vehicle sales rose 1.7 percent.

Consumer confidence has risen from a record low in June as interest rates fall and workers are about to receive the first round of NZ\$10.6 billion (\$7 billion) in tax cuts from Oct. 1. A confidence index calculated by Roy Morgan rose to 109.9 in the two weeks ended Sept. 30 from 82 in June.

“This is consistent with the improvement in consumer confidence,” said Darren Gibbs, chief New Zealand economist at Deutsche Bank AG in Auckland. “Falling fuel prices have released extra cash that has found its way into consumer goods spending and there are tax cuts ahead.”

Reserve Bank Governor Alan Bollard cut the benchmark interest rate a half a percentage point to 7.5 percent on Sept. 11 following a quarter-point reduction in July. He urged lenders to pass the lower rates on to households and businesses.

Monthly spending figures aren't adjusted for inflation and can be volatile because of price movements. Falling fuel prices curbed the increase in spending in August, the statistics agency said.

**Source: Bloomberg**