

GLOSSARY

Business cycle – the cyclic movement of an economy between periods of high and low growth.

CPI – Consumers Price Index, a statistical measure of prices, calculated by Statistics New Zealand on the basis of a ‘basket’ of goods.

Current account deficit – the amount to which national expenditure exceeds income over a particular period.

Deflation – a decrease in average prices over time, in New Zealand usually measured by the all-groups CPI published by Statistics New Zealand.

GDP – Gross Domestic Product, the total market value of all final goods and services produced in New Zealand over a specified time period.

Growth – in the economic sense, usually measured as GDP growth over a period, typically per annum.

Inflation – an increase in average prices over time, in New Zealand usually measured by the all-groups CPI published by Statistics New Zealand.

Keynesianism – the economic theory developed by John Maynard Keynes, followed by most western nations during the mid-twentieth century.

Labour force participation – the percentage of the potential labour force actually working.

OCR – Official Cash Rate, the wholesale interest rate, set by the Reserve Bank

OECD – Organisation for Economic Co-operation and Development.

Output gap – the ‘gap’ between demand in an economy, and the ability of the economy to supply.

Price shock – a sudden or unexpected shift in the price of a commodity.

Price stability – for practical purposes, prices held within a specific band of change.

PTA – Policy Targets Agreement, the document signed by the Minister of Finance and Governor of the Reserve Bank that defines the inflation target.

Real GDP – nominal GDP, deflated relative to a base year.

Real interest rate – the rate of interest, deflated by the expected or actual CPI.

Terms of trade – the ratio between the price of exported commodities and the price of imported commodities.

FURTHER

INFORMATION

Further information on New Zealand's economy, its history, and the role of the Reserve Bank is available in the Reserve Bank Museum, open weekdays 9.00 a.m.– 4.00 p.m., except when required for private functions; and on our website at www.rbnz.govt.nz We also recommend the following books, articles and pamphlets:

Briggs, Phil *Looking At The Numbers: a view of New Zealand's economic history*, NZIER Research Monograph 69, NZIER, Wellington 2003.

Lloyd-Prichard, M. F., *An economic history of New Zealand to 1939*, Collins, Auckland 1970.

Hawke, Gary, *Between Governments and Banks: a History of the Reserve Bank of New Zealand*, Government Print, Wellington 1973.

Reserve Bank of New Zealand, *Explaining Monetary Policy*, Reserve Bank of New Zealand, Wellington, 2007.

Reserve Bank of New Zealand, *Explaining Currency*, Reserve Bank of New Zealand, Wellington, 2006.

Singleton, John, *Innovation + Independence: The Reserve Bank of New Zealand 1973-2002*, Auckland University Press, Auckland 2006.

Wright, Matthew 'The Policy Origins of the Reserve Bank of New Zealand', Reserve Bank of New Zealand *Bulletin*, Vol. 69, No. 3, September 2006.