



NEW ZEALAND WEEKLY ECONOMIC & POLITICAL UPDATE

Tuesday 3 March 2015

FOR IMMEDIATE RELEASE

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IRELAND EXPECTED TO VOTE FOR SAME-SEX MARRIAGE

Voters in Ireland are overwhelmingly expected to vote to allow same-sex marriage in a [referendum on 22 May](#), according to the combined wisdom of the 8000+ registered traders on New Zealand's predictions market, iPredict. Elsewhere in Europe, the UK Conservatives have lost ground to smaller parties over the last week putting the [7 May election](#) on a knife-edge. In New Zealand, more than 20 [Queensland fruit flies](#) are now expected to be found as part of the current outbreak but there has been no change in [economic forecasts](#). [John Key and National](#) have made a small gain over the last week. National's Mark Osborne is overwhelmingly expected to win the [Northland by-election](#) ahead of NZ First's Winston Peters, although with less than 50% of the vote. Labour's Willow-Jean Prime has 0% probability of winning the seat. The Liberal/National Coalition is favoured ahead of Labor in [New South Wales](#). Tony Abbott looks safe as [Australian Prime Minister](#) until midyear but is still expected to be replaced by Malcolm Turnbull before the next federal election.

New Zealand Politics:

- National's Mark Osborne expected to win [Northland by-election](#) (88% probability) but to fall short of 50% of the vote (only 29% probability of winning more than 50%)
- Only an 11% probability the byelection will be won by a party other than National or Labour, and a 0% probability it will be won by Labour
- Kevin Hague overwhelmingly favoured to be [next Green Party co-leader](#) (94% probability, down from 95% last week)
- [John Key](#) is expected to remain National leader until at least the end of 2016 (79% probability, down from 80% last week) and has a 50% probability of remaining National leader until at least the end of 2017 (up from 49% last week)

- Steven Joyce remains favourite to become [National Party leader if a vacancy arises](#) (28%, down from 29% last week), followed by Paula Bennett (28%, up from 26%) and Amy Adams (12%, steady)
- Stocks on Andrew Little's longevity as leader of the Labour Party will be launched in the near future
- [Judith Collins](#) expected to be appointed to Cabinet before next election (60% probability, steady compared with last week)
- [Next election](#) expected in 2017 (92% probability, steady compared with last week)
- Forecast [party vote shares](#) at next election:
 - National 45.2% (steady compared with last week)
 - Labour 32.1% (steady)
 - Greens 11.0% (down from 11.1%)
 - NZ First 6.9% (steady)
 - Others 4.8% (up from 4.7%)
- National expected to win [2017 General Election](#) (57% probability, up from 55% last week)
- Wellington councils not expected to be [amalgamated by end of 2015](#) (only 43% probability they will be, steady compared with last week)

New Zealand Economics:

- More than 20 [Queensland fruitflies](#) expected to be found in New Zealand as part of current outbreak (55% probability)
- New Zealand dollar expected to reach [parity with Australian dollar](#) by the end of 2015 (69% probability, down from 75% last week) but not before July 2015 (30% probability, down from 53% last week)
- Quarterly GDP growth expected to be:
 - 0.7% in the [March quarter](#) (steady compared with last week)
 - 1.1% in the [June quarter](#) (steady)
 - 1.1% in the [September](#) quarter (steady)
 - 1.1% in the [December](#) quarter (steady)
- Annual growth expected to be 4.0% in the 2015 calendar year (steady compared with last week)
- Unemployment expected to be:
 - 5.4% in the [March](#) quarter (steady compared with last week)
 - 5.3% in the [June](#) quarter (steady)
 - 5.2% in the [September](#) quarter (steady)
 - 5.3% in the [December](#) quarter (steady)
- Current account deficit expected to be 3.5% of GDP in the [December quarter](#) (steady compared with last week) and 3.4% in the [March quarter](#) (steady)
- Annual inflation expected to be:
 - 0.3% to end of [March 2015 quarter](#) (steady compared with last week)
 - 0.6% to end of [June 2015 quarter](#) (steady)
 - 0.8% to end of [September 2015](#) quarter (steady)
 - 1.0% to end of [December 2015](#) quarter (steady)

- Official Cash Rate priced to be:
 - 3.495% on [12 March](#) (steady compared with last week)
 - 3.488% on [30 April](#) (steady)
 - 3.447% on [11 June](#) (down from 3.450%)
 - 3.421% on [23 July](#) (down from 3.424%)
 - 3.384% on [10 September](#) (down from 3.386%)
 - 3.365% on [29 October](#) (down from 3.367%)
 - 3.360% on [10 December](#) 2015 (down from 3.372%)
 - This implies the OCR is more likely than not to be cut on 29 October (steady compared with last week)
 - OCR stocks out to [June 2016](#) will be launched in the near future
- Only 18% probability of a fiscal surplus in [2014/15](#) (up from 17% last week)
- Fiscal balance expected to be:
 - -0.18% of GDP in [2014/15](#) (down from -0.17% last week)
 - 0.81% of GDP in [2015/16](#) (down from 0.85%)
 - 1.98% of GDP in [2016/17](#) (steady)
 - 2.38% of GDP in [2017/18](#) (steady)
- There is a 63% probability [Fonterra's payout in 2015/16](#) will be above \$6.00 (before retentions) up from 55% last week

Foreign Affairs/Constitution:

- [Next UK Parliament](#) expected to consist of:
 - Labour 38.1% of seats in the House of Commons (up from 37.1% last week)
 - Conservatives 34.1% of seats in the House of Commons (down from 37.9%)
 - Nationalist parties 6.8% of seats (up from 6.6%)
 - UKIP and similar 6.4% of seats (up from 5.7%)
 - Liberal Democrats 5.5% of seats (up from 4.9%)
 - Unionist parties 2.3% of seats (up from 2.1%)
 - Green and similar 2.2% of seats (up from 1.9%)
 - Independents and Speaker 2.1% of seats (up from 1.9%)
 - All others 2.3% of seats (up from 2.0%)
- David Cameron expected to be prime minister after [next UK election](#) but with just 52% probability, down from 57% last week
- [Boris Johnson](#) expected to be elected to UK House of Commons this year (92% probability, steady)
- Socialist Workers' Party expected to defeat People's Party in [next Spanish election](#) (60% probability, steady compared with last week)
- All [Eurozone countries](#), including Greece, expected to remain in Euro in 2015 (only 12% probability of an announcement of a departure this year, down from 13% last week)
- New South Wales Liberal/National Coalition expected to win most seats in [NSW state election](#) (80% probability)

- Tony Abbott is expected to remain leader of the Australian Liberal Party until 1 July 2015 (only 38% probability of [departing before then](#), up from 23% last week) but be replaced by Malcolm Turnbull as [leader of the Australian Liberal Party by nomination day](#) (60% probability Turnbull will be leader on that day, down from 69% last week)
- [Bill Shorten](#) expected to be Labor leader at next Australian federal election (90% probability)
- Liberals now marginally ahead of Labor for [next Australian Federal election](#) in 2016 (52% probability of Liberal win, up from 50% last week)
- Hillary Clinton is favoured to be the Democratic Party's nominee for [US president](#) in 2016 and to be elected to that office (47% probability, down from 48% last week). Jeb Bush has a 39% probability of being the [Republican nominee](#) (steady compared with last week) followed by Scott Walker (22% probability, up from 20% last week)
- There is only a 31% probability [New Zealand will sign the Trans-Pacific Partnership this year](#) (steady compared with last week), and the [Trans-Pacific Partnership](#) is not expected to be ratified by the US Congress before 1 July 2017 (only 31% probability it will be, steady compared with last week)
- Helen Clark's prospects of being the next [UN Secretary General](#) are 23% (down from 25% last week)
- There is an 11% probability [New Zealand will become a republic by 2020](#) (down from 13% last week)
- Ireland to vote in favour of [same-sex marriage](#) before July 2015 (92% probability)

Notes:

- iPredict Ltd is owned by Victoria University of Wellington. Details on the company and its stocks can be found at www.ipredict.co.nz.
- The weekly economic and political update is prepared by Exceltium Ltd on a pro bono basis and is based on a snapshot taken at a random time each week. This week's was taken at 12.51 pm today.

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